

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

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended: **March 31, 2021**

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **001-34487**

**LIGHTBRIDGE  
CORPORATION**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of  
incorporation or organization)

**91-1975651**

(I.R.S. Empl. Ident. No.)

**11710 Plaza America Drive, Suite 2000**

**Reston, VA 20190**

(Address of principal executive offices, Zip Code)

**(571) 730-1200**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class:	Trading Symbol(s):	Name of Each Exchange on Which Registered:
<b>Common Stock, \$0.001 par value</b>	<b>LTBR</b>	<b>The Nasdaq Capital Market</b>

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes  No

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

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated Filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The number of shares outstanding of the issuer's common stock, as of May 12, 2021 is as follows:

Class of Securities	Shares Outstanding
Common Stock, \$0.001 par value	6,595,503

**LIGHTBRIDGE CORPORATION**  
**Form 10-Q**  
**MARCH 31, 2021**

Page

**PART I – FINANCIAL INFORMATION**

<b>Item 1.</b>	<b>Financial Statements (unaudited)</b>	
	<a href="#">Unaudited Condensed Consolidated Balance Sheets as of March 31, 2021 and December 31, 2020</a>	3
	<a href="#">Unaudited Condensed Consolidated Statements of Operations For The Three Months Ended March 31, 2021 and 2020</a>	4
	<a href="#">Unaudited Condensed Consolidated Statements of Cash Flows For The Three Months Ended March 31, 2021 and 2020</a>	5
	<a href="#">Unaudited Condensed Consolidated Statement of Changes in Stockholders' Equity For The Three Months Ended March 31, 2021 and For The Three months Ended March 31, 2020</a>	6
	<a href="#">Notes to Condensed Consolidated Financial Statements (unaudited)</a>	7
	<a href="#">Forward - Looking Statements</a>	22
<b>Item 2.</b>	<b>Management's Discussion and Analysis of Financial Condition and Results of Operations</b>	24
<b>Item 3.</b>	<b>Quantitative and Qualitative Disclosures About Market Risk</b>	31
<b>Item 4.</b>	<b>Controls and Procedures</b>	31

**PART II – OTHER INFORMATION**

<b>Item 1.</b>	<b>Legal Proceedings</b>	32
<b>Item 1A.</b>	<b>Risk Factors</b>	32
<b>Item 2.</b>	<b>Unregistered Sales of Equity Securities and Use of Proceeds</b>	32
<b>Item 3.</b>	<b>Defaults Upon Senior Securities</b>	32
<b>Item 4.</b>	<b>Mine Safety Disclosures</b>	32
<b>Item 5.</b>	<b>Other Information</b>	32
<b>Item 6.</b>	<b>Exhibits</b>	33

<b>SIGNATURES</b>	34
-------------------	----

**PART I—FINANCIAL INFORMATION**  
**LIGHTBRIDGE CORPORATION**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 15,236,151	\$ 21,531,665
Prepaid expenses and other current assets	637,651	172,460
Total Current Assets	<u>15,873,802</u>	<u>21,704,125</u>
Other Assets		
Trademarks	85,562	85,562
Total Assets	<u>\$ 15,959,364</u>	<u>\$ 21,789,687</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current Liabilities		
Accounts payable and accrued liabilities	\$ 634,037	\$ 382,130
Accrued legal settlement costs	—	4,200,000
Total Current Liabilities	<u>634,037</u>	<u>4,582,130</u>
Commitments and contingencies - Note 4		
Stockholders' Equity		
Preferred stock, \$0.001 par value, 10,000,000 authorized shares		
Convertible Series A preferred shares, 699,878 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively (liquidation preference \$2,658,753 and \$2,613,025 at March 31, 2021 and December 31, 2020, respectively)	699	699
Convertible Series B preferred shares, 2,666,667 shares issued and outstanding at March 31, 2021 and December 31, 2020 (liquidation preference \$4,983,223 and \$4,897,517 at March 31, 2021 and December 31, 2020, respectively)	2,667	2,667
Common stock, \$0.001 par value, 8,333,333 authorized, 6,591,310 shares and 6,567,110 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively	6,591	6,567
Additional paid-in capital	146,482,966	146,353,232
Accumulated deficit	<u>(131,167,596)</u>	<u>(129,155,608)</u>
Total Stockholders' Equity	<u>15,325,327</u>	<u>17,207,557</u>
Total Liabilities and Stockholders' Equity	<u>\$ 15,959,364</u>	<u>\$ 21,789,687</u>

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

**LIGHTBRIDGE CORPORATION**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>Three Month Ended</b>	
	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
Revenue	\$ —	\$ —
Operating Expenses		
General and administrative	1,782,860	1,936,755
Research and development	<u>369,450</u>	<u>389,824</u>
Total Operating Expenses	2,152,310	2,326,579
Other Operating Income		
Grant income	<u>103,319</u>	<u>—</u>
Total Other Operating Income	103,319	—
Total Operating Loss	<u>\$ (2,048,991)</u>	<u>\$ (2,326,579)</u>
Other Income		
Interest income	3,309	62,493
Foreign Transaction gain	<u>33,694</u>	<u>—</u>
Total Other Income	<u>37,003</u>	<u>62,493</u>
Net Loss Before Income Taxes	(2,011,988)	(2,264,086)
Income Taxes	—	—
Net Loss	<u>\$ (2,011,988)</u>	<u>\$ (2,264,086)</u>
Accumulated Preferred Stock Dividend	(131,434)	(125,911)
Deemed additional dividend on preferred stock dividend due to the beneficial conversion feature	<u>(57,489)</u>	<u>(54,317)</u>
Net Loss Attributable to Common Shareholders	<u>\$ (2,200,911)</u>	<u>\$ (2,444,314)</u>
Net Loss Per Common Share		
Basic and Diluted	<u>\$ (0.33)</u>	<u>\$ (0.74)</u>
Weighted Average Number of Common Shares Outstanding	<u>6,589,392</u>	<u>3,294,998</u>

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

**LIGHTBRIDGE CORPORATION**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Three Month Ended</b>	
	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Operating Activities</b>		
Net Loss	\$ (2,011,988)	\$ (2,264,086)
Adjustments to reconcile net loss from operations to net cash used in operating activities:		
Common stock issued for services and stock-based compensation	60,068	6,085
<b>Changes in operating working capital items</b>		
Other receivable from joint venture	—	400,000
Prepaid expenses and other current assets	(465,191)	(297,281)
Accounts payable and accrued liabilities	321,597	135,394
Accrued legal settlement costs	(4,200,000)	—
<b>Net Cash Used in Operating Activities</b>	<b>(6,295,514)</b>	<b>(2,019,888)</b>
<b>Investing Activities</b>		
Patents and trademarks	—	(4,423)
<b>Net Cash Used in Investing Activities</b>	<b>—</b>	<b>(4,423)</b>
<b>Financing Activities</b>		
Net proceeds from the issuance of common stock	—	399,675
<b>Net Cash Provided by Financing Activities</b>	<b>—</b>	<b>399,675</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(6,295,514)</b>	<b>(1,624,636)</b>
Cash and Cash Equivalents, Beginning of Period	21,531,665	17,958,989
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 15,236,151</b>	<b>\$ 16,334,353</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
<b>Cash paid during the year:</b>		
Interest paid	\$ —	\$ —
Income taxes paid	\$ —	\$ —
<b>Non-Cash Financing Activities:</b>		
Accumulated preferred stock dividend	\$ 188,923	\$ 180,228
Conversion of Series A convertible preferred stock to common stock and payment of paid-in-kind dividends to Series A preferred stockholder	\$ —	\$ 8,975
Common stock issued for services	\$ 69,690	\$ —

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

**LIGHTBRIDGE CORPORATION**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**For the Three Months Ended March 31, 2021 and March 31, 2020**

	Series A Preferred Stock		Series B Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance – January 1, 2020	757,770	\$ 757	2,666,667	\$ 2,667	3,252,371	\$ 3,252	\$ 133,932,615	\$(114,738,342)	\$ 19,200,949
Conversion of 11,875 preferred shares to 1,255 common shares	(11,875)	(12)	—	—	1,255	1	11	—	—
Shares issued - registered offerings – net of offering costs	—	—	—	—	110,053	111	399,564	—	399,675
Stock-based compensation	—	—	—	—	—	—	6,085	—	6,085
Net loss for the three months ended March 31, 2020	—	—	—	—	—	—	—	(2,264,086)	(2,264,086)
Balance – March 31, 2020	<u>745,895</u>	<u>\$ 745</u>	<u>2,666,667</u>	<u>\$ 2,667</u>	<u>3,363,679</u>	<u>\$ 3,364</u>	<u>\$ 134,338,275</u>	<u>\$(117,002,428)</u>	<u>\$ 17,342,623</u>
Balance – January 1, 2021	699,878	\$ 699	2,666,667	\$ 2,667	6,567,110	\$ 6,567	\$ 146,353,232	\$(129,155,608)	\$ 17,207,557
Shares issued to consultant & directors for services	—	—	—	—	24,200	24	69,666	—	69,690
Stock-based compensation	—	—	—	—	—	—	60,068	—	60,068
Net loss for the three months ended March 31, 2021	—	—	—	—	—	—	—	(2,011,988)	(2,011,988)
Balance – March 31, 2021	<u>699,878</u>	<u>\$ 699</u>	<u>2,666,667</u>	<u>\$ 2,667</u>	<u>6,591,310</u>	<u>\$ 6,591</u>	<u>\$ 146,482,966</u>	<u>\$(131,167,596)</u>	<u>\$ 15,325,327</u>

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

**LIGHTBRIDGE CORPORATION**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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

**Basis of presentation**

The accompanying unaudited condensed consolidated financial statements of Lightbridge Corporation and its subsidiaries have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission, or the SEC, including the instructions to Form 10-Q and Regulation S-X. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States of America, including a summary of the Company's significant accounting policies, have been condensed or omitted from these statements pursuant to such rules and regulations and, accordingly, they do not include all the information and notes necessary for comprehensive consolidated financial statements and should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2020, included in our Annual Report on Form 10-K for the year ended December 31, 2020.

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

The Company was formed on October 6, 2006, when Thorium Power, Ltd., which was incorporated in the state of Nevada on February 2, 1999, merged with Thorium Power, Inc. ("TPI"), which was incorporated in the state of Delaware on January 8, 1992 (subsequently and collectively referred to as "we" or the "Company"). On September 29, 2009, the Company changed its name from Thorium Power, Ltd. to Lightbridge Corporation and began its focus on developing and commercializing metallic nuclear fuels. The Company is a nuclear fuel technology company developing and working to commercialize its next generation nuclear fuel technology.

***Going Concern, Liquidity and Management's Plan***

While the Company's cash at March 31, 2021 exceeds its currently budgeted expenditures through the first quarter of 2022, there are inherent uncertainties in forecasting future expenditures, especially forecasting for uncertainties such as future research and development (R&D) costs and how the COVID-19 outbreak may affect future costs and operations. Also, the cash requirements of the Company's future planned operations to commercialize its nuclear fuel, including any additional expenditures that may result from unexpected developments, requires it to raise significant additional capital including receiving government support. The Company will need to seek its shareholders' approval in 2021 to increase the number of its authorized common shares for future equity financings, in order for the Company to continue to fund its future operations. Taking into account these uncertainties as well as the updated projected fuel development timeline of 15-20 years to commercialization, projected operational costs to keep the fuel development project on schedule and the various risks of developing and commercializing its nuclear fuel, these factors raise substantial doubt about the Company's ability to continue as a going concern for the 12 months following the date of this filing. To the extent any uncertainties reduce the Company's liquidity for the next 12 months, the Company will consider, if available, additional debt or equity raises and delaying certain expenditures, including delaying R&D expenses, until sufficient capital becomes available.

[Table of Contents](#)

At March 31, 2021, the Company had approximately \$15.2 million in cash and had a working capital surplus of approximately \$15.2 million. The Company's net cash used in operating activities for the three months ended March 31, 2021 was approximately \$6.3 million, and current projections indicate that the Company will have continued negative cash flows for the foreseeable future. Net losses incurred for the three months ended March 31, 2021 and 2020 amounted to approximately \$(2.0) million and \$(2.3) million, respectively. As of March 31, 2021, the Company had an accumulated deficit of approximately \$131.2 million, representative of recurring losses since inception. The Company had incurred recurring losses since inception and it will continue to incur losses because it is in the early development stage of commercializing its nuclear fuel.

The Company's plans to fund future operations include: (1) raising additional capital through future equity issuances or convertible debt financings; (2) additional funding through new relationships to help fund future R&D costs; and (3) seeking other sources of capital. The Company may issue securities, including common stock, preferred stock, and stock purchase contracts through private placement transactions or registered public offerings, pursuant to future registration statements. The current Form S-3 was filed with the SEC on March 25, 2021 registering the sale of up to \$75 million of the Company's securities and declared effective on April 5, 2021. There can be no assurance as to the future availability of equity capital or the acceptability of the terms upon which financing and capital might become available. The Company's future liquidity needs to develop its nuclear fuel are long-term, and the ability to address those needs, and the ability to raise capital will largely be determined by the success of the development of its nuclear fuel, key nuclear development and government regulatory events, and its business decisions in the future.

***Basis of Consolidation***

These condensed consolidated financial statements include the accounts of Lightbridge, a Nevada corporation, and the Company's wholly-owned subsidiaries, TPI, a Delaware corporation, and Lightbridge International Holding LLC, a Delaware limited liability company. These wholly-owned subsidiaries are inactive. All significant intercompany transactions and balances have been eliminated in consolidation.

***Certain Risks, Uncertainties and Concentrations***

The Company will need additional funding by way of a combination of strategic alliances, government grants, further offerings of equity securities, or an offering of debt securities in order to support its future R&D activities required to further enhance and complete the development of its fuel products to a proof of concept and a commercial stage.

There can be no assurance that the Company will be able to successfully continue to conduct its operations if there is a lack of financial resources available in the future to continue its fuel development, and a failure to do so would have a material adverse effect on the Company's future R&D 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, contingent liabilities, potential competition with other nuclear fuel developers, including those entities developing accident tolerant fuels, changes in government regulations, support for nuclear power, changes in accounting and taxation standards, inability to achieve overall long-term goals, future impairment charges to its assets, and global or regional catastrophic events. The Company may also be subject to various additional political, economic, and other uncertainties.



On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risk to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak a pandemic, based on increase in exposure globally. The current spread of COVID-19 that is impacting global economic activity and market conditions could lead to adverse changes in the Company’s ability to conduct R&D activities with the United States national labs and others. The COVID-19 outbreak has impacted our business operations and results of operations for 2020, resulting in the reduction of R&D expenses and an increase in general and administrative expenses due to severance payments to former employees. However, the effects of the pandemic are fluid and changing rapidly, including with respect to vaccine and treatment developments and deployment and potential mutations of COVID-19. While the Company continues to monitor the impact of COVID-19 on its business, the Company is unable to accurately predict the ultimate impact on the results of operations, financial condition and liquidity that COVID-19 will have due to various uncertainties, including the geographic spread of the virus, the severity of the disease, the duration of the outbreak, and actions that may be taken by governmental authorities and other third-parties.

***Grant Income***

The Company concluded that its government grant was not within the scope of ASC Topic 606 as it did not meet the definition of a contract with a customer. Additionally, the Company concluded that the grant met the definition of a contribution and the grant is a non-reciprocal transaction. The Company determined that Subtopic 958-605, Not-for-Profit-Entities-Revenue Recognition did not apply, as the Company is a business entity and the grant is received from governmental agencies.

In the absence of applicable guidance under U.S. generally accepted accounting principles (“U.S. GAAP”), the Company’s management developed a policy to recognize grant income at the time the related costs are incurred and the right to payment is realized.

The Company believes this policy is consistent with the overarching premise in ASC Topic 606, to ensure that revenue recognition reflects the transfer of promised goods or services to customers in an amount that reflects the consideration that we expect to be entitled to in exchange for those goods or services, even though there is no exchange as defined in ASC Topic 606. Additionally, the Company determined that the recognition of grant income as costs are incurred and amounts become realizable is analogous to the concept of transfer of control of a service over time under ASC Topic 606.

Further, the Company believes that showing grant income on a gross method, with the grant income shown as other operating income and the related costs as a charge to R&D expense, rather than depicting the grant income as a reduction of R&D expense, is a more meaningful presentation.

The Company recognized grant income of approximately \$0.1 million and \$0 for the three months ended March 31, 2021 and 2020, respectively.

## **Patents and Trademarks**

Through September 30, 2020, patents were stated on the consolidated balance sheets at cost. Costs, such as filing fees with patent granting agencies and legal fees directly relating to those filings, incurred to file patent applications were capitalized when the Company believed that there was a high likelihood that the patent would be issued and there would be future economic benefit associated with the patent. These costs were amortized from the date of the patent application on a straight-line basis over the estimated useful life of 20 years, which is the legal life of the patent. All costs associated with abandoned patent applications were expensed. The Company expensed patent annuity fees as these fees were maintenance fees required by the patent office at certain points in time after a patent was granted in order to keep the patent legal rights in force. During the years ended December 31, 2020 and 2019, these patent annuity fees were insignificant. In the fourth quarter of 2020, the remaining patent costs were written-off as impaired.

Beginning January 1, 2021, patent filing fees with patent granting agencies and legal fees directly relating to those filings, incurred to file patent applications were expensed as the Company believes that there is not a high likelihood that there will be a future economic benefit associated with the patents, due to the uncertainties in the current fuel development timelines and the patents being commercialized. The Company continues to expense patent annuity fees as these fees are maintenance fees required by the patent office at certain points in time after a patent is granted, in order to keep the patent legal rights in force. As of March 31, 2021, and December 31, 2020 the carrying value of the patents on the balance sheets was \$0.

Costs for filing and legal fees for trademark applications are capitalized. Trademarks are considered intangible assets with an indefinite useful life and therefore should not be amortized. The Company performed an impairment test in the fourth quarter of 2020 and 2019 and no impairment of the trademarks was identified. As of March 31, 2021 and December 31, 2020, the carrying value of trademarks was approximately \$0.1 million for both balance sheet dates.

## **Leases**

In accordance with ASU 2016-02, *Leases (Topic 842)*, which requires recognition of most lease arrangements on the balance sheet, the Company recognizes operating lease right of use assets and liabilities at commencement date based on the present value of the future minimum lease payments over the lease term. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet in accordance with the short-term lease recognition exemption. The Company applies the practical expedient to non-separate and non-lease components for all leases that qualify. Lease expense is recognized on a straight-line basis over the lease term. The Company has only one lease for office rent and the lease is for a term of 12 months without renewal options. See Note 4 for additional information.

## **Stock-Based Compensation**

The stock-based compensation expense incurred by Lightbridge for employees and directors in connection with its equity incentive plan is based on the employee model of ASC 718, and the fair value of the options is measured at the grant date. In accordance with ASU 2018-07, *Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*, options granted to our consultants are accounted for in the same manner as options issued to employees.

## [Table of Contents](#)

Awards with service-based vesting conditions only – Expense recognized on a straight-line basis over the requisite service period of the award.

Awards with performance-based vesting conditions – Expense is not recognized until it is determined that it is probable the performance-based conditions will be met. When achievement of a performance-based condition is probable, a catch-up of expense is recorded as if the award had been vesting on a straight-line basis from the award date. The award will continue to be expensed on a straight-line over the requisite service period basis until a higher performance-based condition is met, if applicable.

Awards with market-based vesting conditions – Expense recognized on a straight-line basis over the requisite service period, which is the lesser of the derived service period or the explicit service period if one is present. However, if the market condition is satisfied prior to the end of the requisite service period, the Company accelerates all remaining expense to be recognized.

Awards with both performance-based and market-based vesting conditions – If an award vesting or exercisability is conditional upon the achievement of either a market condition or performance or service conditions, the requisite service period is generally the shortest of the explicit, implicit, and derived service period.

The Company elected to use the Black-Scholes pricing model to determine the fair value of stock options on the measurement date of the grant for service-based vesting conditions and the Monte-Carlo valuation method for performance-based or market-based vesting conditions. Shares that are issued to officers on the exercise dates of the stock options may be issued net of the minimum statutory withholding requirements to be paid by the Company on behalf of the employees. As a result, the actual number of shares issued are fewer than the actual number of shares exercised under the stock option.

### ***Recent Accounting Pronouncements – To Be Adopted***

In August 2020, the FASB issued ASU 2020-06, *Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. ASU 2020-06 will simplify the accounting for convertible instruments by reducing the number of accounting models for convertible debt instruments and convertible preferred stock. Limiting the accounting models will result in fewer embedded conversion features being separately recognized from the host contract as compared with current U.S. GAAP. Convertible instruments that continue to be subject to separation models are (1) those with embedded conversion features that are not clearly and closely related to the host contract, that meet the definition of a derivative, and that do not qualify for a scope exception from derivative accounting and (2) convertible debt instruments issued with substantial premiums for which the premiums are recorded as paid-in capital. ASU 2020-06 also amends the guidance for the derivatives scope exception for contracts in an entity's own equity to reduce form-over-substance-based accounting conclusions. ASU 2020-06 will be effective July 1, 2024, for the Company. Early adoption is permitted, but no earlier than January 1, 2021, including interim periods within that year. Management is currently evaluating the effect of the adoption of ASU 2020-06 on the consolidated financial statements and footnote disclosures.

**Note 2. Net Loss Per Share**

Basic net loss per share is computed using the weighted-average number of common shares outstanding during the period except that it does not include unvested common shares subject to repurchase or cancellation. Diluted net income per share is computed using the weighted-average number of common shares and, if dilutive, potential common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options, warrants and convertible preferred shares (see Note 6. Stockholders' Equity and Stock-Based Compensation).

The treasury stock method is used in calculating diluted EPS for potentially dilutive stock options and share purchase warrants, which assumes that any proceeds received from the exercise of in-the-money stock options and share purchase warrants, would be used to purchase common shares at the average market price for the period, unless including the effects of these potentially dilutive securities would be anti-dilutive.

The following table sets forth the computation of the basic and diluted loss per share:

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Basic</b>		
Numerator:		
Net loss attributable to common stockholders	\$ (2,200,911)	\$ (2,444,314)
Denominator:		
Weighted-average common shares outstanding	6,589,392	3,294,998
Basic net loss per share	<u>\$ (0.33)</u>	<u>\$ (0.74)</u>
<b>Diluted</b>		
Numerator:		
Net loss attributable to common stockholders, basic	\$ (2,200,911)	\$ (2,444,314)
Effect of dilutive securities	—	—
Net loss, diluted	<u>\$ (2,200,911)</u>	<u>\$ (2,444,314)</u>
Denominator:		
Weighted average common shares outstanding - basic		
Potential common share issuances:	6,589,392	3,294,998
Incremental dilutive shares from equity instruments (treasury stock method)	—	—
Weighted-average common shares outstanding	<u>6,589,392</u>	<u>3,294,998</u>
Diluted net loss per share	<u>\$ (0.33)</u>	<u>\$ (0.74)</u>

[Table of Contents](#)

The following outstanding securities have been excluded from the computation of diluted weighted shares outstanding for the periods noted below, as they would have been anti-dilutive due to the Company's losses for the three months ended March 31, 2021 and 2020 and because the exercise price of certain of these outstanding securities was greater than the average closing price of the Company's common stock:

	Three Months Ended	
	March 31,	
	2021	2020
Warrants outstanding	59,242	70,361
Stock options outstanding	515,136	517,154
RSUs outstanding	243,800	—
Series A convertible preferred stock to common shares	80,712	80,171
Series B convertible preferred stock to common shares	276,846	258,285
Total	1,175,736	925,971

**Note 3. Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities consisted of the following (rounded to the nearest thousand):

	March 31, 2021	December 31, 2020
Trade payables	\$ 182,000	\$ 233,000
Accrued bonuses	175,000	—
Accrued expenses	277,000	149,000
Total	\$ 634,000	\$ 382,000

**Note 4. Commitments and Contingencies**

**Commitments**

***Operating Leases***

The Company leases office space for a 12-month term with a monthly payment of approximately \$11,000 per month for office rent. The Company entered into a new lease on January 1, 2021 through December 31, 2021.

The future minimum lease payments required under the non-cancellable operating leases for 2021 total approximately \$0.1 million. Total rent expense for the three months ended March 31, 2021 and 2020 was \$0.1 million for both periods.

**Contingency**

***Litigation***

A former Chief Financial Officer of the Company filed a complaint against the Company with the US Occupational Safety and Health Administration ("OSHA") on March 9, 2015. This complaint was dismissed by OSHA in January 2018 without any findings against the Company. On March 14, 2018, an appeal was filed. The Company has and will continue to vigorously defend this appeal and believes that this appeal hearing will not result in any findings against the Company. On September 6, 2019, the Company filed a motion for summary decision seeking a decision in its favor as a matter of law. The motion for summary judgement was denied on September 30, 2020. As of March 31, 2021 and December 31, 2020, legal fees of approximately \$13,000 were owed, and are expected to be paid in full by the Company's insurance carriers.

### **Settlement of Arbitration**

On February 11, 2021, the Company entered into a settlement agreement (the “Settlement Agreement”) with Framatome SAS and Framatome Inc. (together, “Framatome”), resolving the pending claims and counterclaims between the parties in arbitration and judicial proceedings related to the parties’ inactive joint venture, Enfission, LLC. Under the terms of the Settlement Agreement, all joint venture agreements were terminated and the joint venture was dissolved on March 23, 2021. Lightbridge paid Framatome approximately \$4.2 million for outstanding invoices for work performed by Framatome and other expenses incurred by Framatome on March 15, 2021. The Company recorded an approximate \$34,000 foreign transaction gain regarding this settlement payment.

### **Note 5. Research and Development Costs**

On December 19, 2019, the Company was awarded a voucher from the U.S. Department of Energy’s (DOE) Gateway for Accelerated Innovation in Nuclear (GAIN) program to support development of Lightbridge Fuel™ in collaboration with Idaho National Laboratory (INL). The scope of the project included experiment design for irradiation of Lightbridge metallic fuel material samples in the Advanced Test Reactor (ATR) at INL. On April 22, 2020, the Company entered into a Cooperative Research and Development Agreement (CRADA) with Battelle Energy Alliance, LLC, the operating contractor of INL, in collaboration with DOE. Signing the CRADA was the last step in the contracting process to formalize a voucher award from the GAIN program. The project commenced in the second quarter of 2020. The total project value was approximately \$846,000, with three-quarters of this amount funded by DOE for the scope performed by INL and the remaining amount funded by Lightbridge, by providing in-kind services to the project.

For the three months ended March 31, 2021, approximately \$0.1 million of work was completed by INL that caused the DOE to incur payment obligations related to the GAIN voucher. This amount was recorded as grant income in Other Operating Income (Loss) line item of the condensed consolidated statement of operations and the corresponding amount as research and development expenses. The cumulative amount of \$0.2 million was recorded from September 2020 to March, 2021. The Company completed a contract extension for the INL GAIN voucher in January 2021. The period of performance now runs through September 30, 2021.

On March 25, 2021, the Company was awarded a second voucher from the DOE’s GAIN program to support development of Lightbridge Fuel™ in collaboration with the Pacific Northwest National Laboratory (PNNL). The scope of the project is to demonstrate Lightbridge’s nuclear fuel casting process using depleted uranium, a key step in the manufacture of Lightbridge Fuel™. The project is anticipated to commence in the first half of 2021. The total project value is approximately \$664,000, with three-quarters of this amount funded by DOE for the scope performed by PNNL.

### **Note 6. Stockholders’ Equity and Stock-Based Compensation**

At March 31, 2021, the Company had 6,591,310 common shares outstanding. Also outstanding were warrants relating to 59,242 shares of common stock, stock options relating to 515,136 shares of common stock, 243,800 restricted shares units of common stock, 699,878 shares of Series A convertible preferred stock convertible into 58,343 shares of common stock (plus accrued dividends of \$736,848 relating to an additional 22,369 common shares), and 2,666,667 shares of Series B convertible preferred stock convertible into 222,222 shares of common stock (plus accrued dividends of \$983,224, relating to an additional 54,624 common shares), all totaling 7,767,046 shares of common stock and all common stock equivalents, including accrued preferred stock dividends, outstanding at March 31, 2021.

At December 31, 2020, the Company had 6,567,110 common shares outstanding. Also outstanding were warrants relating to 70,361 shares of common stock, stock options relating to 515,847 shares of common stock, 243,800 restricted shares units of common stock, 699,878 shares of Series A convertible preferred stock convertible into 58,323 shares of common stock (plus accrued dividends of \$691,120 relating to an additional 20,980 common shares), and 2,666,667 shares of Series B convertible preferred stock convertible into 222,222 shares of common stock (plus accrued dividends of \$897,518, relating to an additional 49,862 common shares), all totaling 7,748,505 shares of common stock and all common stock equivalents, including accrued preferred stock dividends, outstanding at December 31, 2020.

## **Common Stock Equity Offerings**

### ***ATM Offerings***

On May 28, 2019, the Company entered into an at-the-market (“ATM”) equity offering sales agreement (“ATM Sales Agreement”) with Stifel, Nicolaus & Company, Incorporated (“Stifel”), which was amended on April 9, 2021, pursuant to which the Company may issue and sell shares of its common stock from time to time through Stifel as the Company’s sales agent. Sales of the Company’s common stock through Stifel, if any, will be made by any method that is deemed to be an “at-the-market” equity offering as defined in Rule 415 promulgated under the Securities Act of 1933. On March 25, 2021, the Company filed a new shelf registration statement on Form S-3, registering the sale of up to \$75 million of the Company’s securities, which registration statement was declared effective on April 5, 2021. Due to the offering limitations currently applicable to the Company under General Instruction I.B.6. of Form S-3 and the Company’s public float as of April 8, 2021, and in accordance with the terms of the ATM Sales Agreement, the Company may offer and sell shares of its common stock having an aggregate offering price of up to \$9,000,000 by the filing of a prospectus supplement on April 9, 2021.

The Company records its ATM sales on a settlement date basis. No ATM sales occurred during the three months ended March 31, 2021. The Company sold 0.1 million shares under the ATM for the three months ended March 31, 2020 resulting in net proceeds of approximately \$0.4 million.

## **Preferred Stock Equity Offerings**

### ***Series B Preferred Stock - Securities Purchase Agreement***

On January 30, 2018, the Company issued 2,666,667 shares of newly created Non-Voting Series B Convertible Preferred Stock (the “Series B Preferred Stock”) and associated warrants to purchase up to 55,555 shares of the Company’s common stock to the several purchasers for approximately \$4.0 million or approximately \$1.50 per share of Series B Preferred Stock and associated warrant. Dividends accrue on the Series B Preferred Stock at the rate of 7% per year and will be paid in-kind through an increase in the liquidation preference per share. The liquidation preference, initially \$1.50 per share of Series B Preferred Stock, is the base that is also used to determine the number of common shares into which the Series B Preferred Stock will convert as well as the calculation of the 7% dividend. Each share of Series B Preferred Stock is convertible at the option of the holder into such number of shares of the Company’s common stock equal to the liquidation preference divided by the conversion price of \$18 per share subject to adjustments in the case of stock splits and stock dividends.

[Table of Contents](#)

Holders of the Series B Preferred Stock are also entitled to participating dividends whenever dividends in cash, securities (other than shares of the Company's common stock paid on shares of common stock) or property are paid on common shares or shares of Series A Preferred Stock (as defined below). The amount of the dividends will equal the amount to which the holder would be entitled if all shares of Series B Preferred Stock had been converted to common stock immediately prior to the record date.

The holders of the Series B Preferred Stock have no voting rights. In addition, as long as the shares of Series B Preferred Stock are outstanding, the Company may not take certain actions without first having obtained the affirmative vote or waiver of the holders of a majority of the outstanding shares of Series B Preferred Stock. The Company has the option at any time after August 2, 2019 to redeem some or all of the outstanding Series B Preferred Stock for an amount in cash equal to the liquidation preference plus the amount of any accrued but unpaid dividends of the Series B Preferred Stock being redeemed. The holders of the Series B Preferred Stock do not have the ability to require the Company to redeem the Series B Preferred Stock.

The Company has not redeemed any of the outstanding Series B Preferred Stock during the three months ended March 31, 2021 and 2020 and from the date of issuance.

The Company has the option of forcing the conversion of all or part of the Series B Preferred Stock if at any time the average closing price of the Company's common stock for a thirty-trading day period is greater than \$65.88 prior to August 2, 2019 or greater than \$98.82 at any time. The Company can exercise this option only if it also requires the conversion of the Series A Preferred Stock in the same proportion as it is requiring of the Series B Preferred Stock. The Company did not force the conversion of any of the outstanding Series B Preferred Stock during the three months ended March 31, 2021 and 2020.

Of the \$4.0 million proceeds, approximately \$0.3 million was allocated to the warrants with the remaining \$3.7 million allocated to the Series B Preferred Stock. The Series B Preferred Stock was initially convertible into 2,666,667 shares of common stock (now convertible into 222,222 shares of common stock when adjusted for the one-for-twelve reverse stock split on October 21, 2019). The average of the high and low market prices of the common stock on January 30, 2018, the date of the closing of the sale of the preferred stock, was approximately \$28.08 per share. At \$28.08 per share the common stock into which the Series B Preferred Stock was initially convertible was valued at approximately \$6.2 million. This amount was compared to the \$3.7 million (rounded) of proceeds allocated to the Series B Preferred Stock to indicate that a beneficial conversion feature ("BCF") of approximately \$2.6 million existed at the date of issuance, which was immediately accreted as a deemed dividend because the conversion rights were immediately effective.

Additionally, comparison of the original \$1.50 conversion price prior to the one-for-twelve reverse stock split on October 21, 2019 of the PIK dividends to the \$2.34 commitment date fair value per share on January 30, 2018 indicates that each PIK dividend will accrete \$0.84 of BCF as an additional deemed dividend for every \$1.50 of PIK dividend accrued. Total deemed dividends for this PIK dividend for the three months ended March 31, 2021 and 2020 were approximately \$48,000 and \$45,000, respectively.



[Table of Contents](#)

The accumulated PIK dividends (unpaid) at March 31, 2021 and December 31, 2020 were approximately \$1.0 million and \$0.9 million, respectively. The Series B Preferred Shares outstanding as of March 31, 2021 and December 31, 2020 was 2,666,667 shares with an aggregate liquidation preference of approximately \$5.0 million and \$4.9 million, including the accumulated dividends at March 31, 2021 and December 31, 2020, respectively.

***Series A Preferred Stock - Securities Purchase Agreement***

On August 2, 2016, the Company issued 1,020,000 shares of newly created Non-Voting Series A Convertible Preferred Stock (the “Series A Preferred Stock”) to General International Holdings, Inc. for \$2.8 million or approximately \$2.75 per share. Dividends accrue on the Series A Preferred Stock at the rate of 7% per year and will be paid in-kind through an increase in the liquidation preference per share. The liquidation preference, initially \$2.7451 per share of Series A Preferred Stock, is the base that is also used to determine the number of common shares into which the Series A Preferred Stock will convert as well as the calculation of the 7% dividend. Each share of Series A Preferred Stock is convertible at the option of the holder into such number of shares of the Company’s common stock equal to the liquidation preference divided by the conversion price of \$32.94 per share subject to adjustments in the case of stock splits and stock dividends.

Holders of the Series A Preferred Stock are also entitled to participating dividends whenever dividends in cash, securities (other than shares of the Company’s common stock) or property are paid on common shares. The amount of the dividends is the amount to which the holder would be entitled if all shares of Series A Preferred Stock had been converted to common stock immediately prior to the record date.

The Company has the option of forcing the conversion of the Series A Preferred Stock if the trading price for the Company’s common stock is more than two times the applicable conversion price (approximately \$32.94 per share) before August 2, 2019, or if the trading price is more than three times the applicable conversion price. The Company has not forced the conversion of any of the outstanding Series A Preferred Stock during the three months ended March 31, 2021 and 2020 and from the date of issuance.

The Series A Preferred Stock was initially convertible into 1,020,000 shares of common stock (now convertible into 85,000 common shares when adjusted for the one-for-twelve reverse stock split on October 21, 2019). The average of the high and low market prices of the common stock on August 6, 2016, the date of the closing of the sale of the Series A Preferred Stock, was approximately \$39.78 per share. At \$39.78 per share the common stock into which the Series A Preferred Stock was initially convertible was valued at approximately \$3.4 million. This amount was compared to the \$2.8 million of proceeds of the Series A Preferred Stock to indicate that a BCF of approximately \$0.6 million existed at the date of issuance in 2016, which was immediately accreted as a deemed dividend because the conversion rights were immediately effective.

Additionally, comparison of the \$2.7451, original conversion price of the PIK dividends prior to the one-for-twelve reverse stock split on October 21, 2019, to the \$3.315 commitment date fair value per share indicates that each PIK dividend will accrete \$0.5699 of BCF as an additional deemed dividend for every \$2.7451 of PIK dividend accrued. Total deemed dividends for this PIK dividend for the three months ended March 31, 2021 and 2020 were approximately \$9,000 and \$10,000, respectively.

[Table of Contents](#)

The holders of the Series A Preferred Stock have no voting rights. In addition, as long as 255,000 shares of Series A Preferred Stock are outstanding, the Company may not take certain actions without first having obtained the affirmative vote or waiver of the holders of a majority of the outstanding shares of Series A Preferred Stock. The Company has the option at any time after August 2, 2019 to redeem some or all of the outstanding Series A Preferred Stock for an amount in cash equal to the liquidation preference plus the amount of any accrued but unpaid dividends of the Series A Preferred Stock being redeemed. The holders of the Series A Preferred Stock do not have the ability to require the Company to redeem the Series A Preferred Stock. The Company has not redeemed any of the outstanding Series A Preferred Stock during the three months ended March 31, 2021 and 2020 and from the date of issuance.

There was no conversion of the Series A Preferred Stock to common shares during the three months ended March 31, 2021.

The accumulated PIK dividends at March 31, 2021 and December 31, 2020 was approximately \$0.7 million. The Series A Preferred Shares outstanding as of March 31, 2021 and December 31, 2020 were 699,878 shares, with an aggregate liquidation preference of approximately \$2.7 million and \$2.6 million, including the accumulated dividends at March 31, 2021 and December 31, 2020, respectively.

**Warrants**

The Company's outstanding warrants at March 31, 2021 and December 31, 2020 are below. These warrants are classified within equity on the consolidated balance sheets.

<b><i>Outstanding Warrants</i></b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Issued to Investors on October 25, 2013, entitling the holders to purchase 20,833 common shares in the Company at an exercise price of \$138.00 per common share up to and including April 24, 2021. In 2016, 4,954 of these warrants were exchanged for common stock, and all remaining warrant holders agreed to new warrant terms, which excluded any potential net cash settlement provisions in exchange for a reduced exercise price of \$75.00 per share (warrants expired subsequent to March 31, 2021).	13,665	13,665
Issued to Investors on November 17, 2014, entitling the holders to purchase 45,577 common shares in the Company at an exercise price of \$138.60 per common share up to and including May 16, 2022. On June 30, 2016, the warrant holders agreed to new warrant terms, which excluded any potential net cash settlement provisions in order to classify them as equity in exchange for a reduced exercise price of \$75.00 per share.	45,577	45,577
Issued to an investment bank and subsequently transferred to a principal of the investment bank regarding the Series B Preferred Stock investment on January 30, 2018, entitling the holder to purchase 11,119 common shares in the Company at an exercise price of \$18.00 per share, up to and including January 30, 2021 (warrants expired).	—	11,119
Total	<u>59,242</u>	<u>70,361</u>

## Stock-based Compensation – Stock Options

### *Adoption of 2020 Stock Plan*

On March 9, 2020, the Board of Directors adopted the Company’s 2020 Omnibus Incentive Plan (the “2020 Plan”). On September 3, 2020, the shareholders approved the 2020 Plan to authorize grants of the following types of awards (a) Options, (b) Stock Appreciation Rights, (c) Restricted Stock and Restricted Stock Units (“RSUs”), and (d) Other Stock-Based and Cash-Based Awards. The shares available for award under the 2020 plan authorized a total of 350,000 shares to be available for grant.

On October 28, 2020, the Compensation Committee of the Board granted from the 2020 Plan time-based RSUs to certain of the Company’s executive officers, employees, and consultants. Each RSU represents a contingent right to receive, upon vesting, one share of the Company’s Common Stock. The number of RSUs granted to executive officers, employees and consultants totaled 243,800 shares. These RSU awards vest in three equal installments on each of the first three anniversaries of the grant date, on October 28, 2021, October 28, 2022 and October 28, 2023. These RSU awards were valued at approximately \$656,000, based on the opening price of the Company’s stock on October 28, 2020 at \$2.69 per share.

On October 28, 2020, the Compensation Committee of the Board approved a grant of a total of 21,200 shares of common stock to the Company’s four directors. The Company filed a Form S-8 with the SEC, to register the underlying shares of the 2020 Plan on March 25, 2021. All of these common shares were issued on March 31, 2021 and vested immediately upon issuance.

The components of stock-based compensation expense included in the Company’s unaudited condensed consolidated statements of operations for the three months ended March 31, 2021 and 2020 are as follows (rounded to the nearest thousand):

	<b>Three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Research and development expenses	\$ —	\$ —
General and administrative expenses	60,000	6,000
Total stock-based compensation expense	<u>\$ 60,000</u>	<u>\$ 6,000</u>

[Table of Contents](#)

Stock option transactions to the employees, directors and consultants are summarized as follows for the three months ended March 31, 2021:

	<b>Options Outstanding</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Grant Date Fair Value</b>
Beginning of the period – January 1, 2021	515,847	\$ 20.23	\$ 14.51
Granted	—	—	—
Exercised	—	—	—
Forfeited	—	—	—
Expired	(711)	331.80	293.39
End of the period - March 31, 2021	<u>515,136</u>	<u>\$ 19.80</u>	<u>\$ 14.13</u>
Options exercisable	<u>465,410</u>	<u>\$ 20.88</u>	<u>\$ 14.84</u>

A summary of the status of the Company's non-vested options as of March 31, 2021 and December 31, 2020, and changes during the year ended December 31, 2020 and the three months ended March 31, 2021, is presented below:

	<b>Shares</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Fair Value Grant Date</b>
Non-vested – December 31, 2019	84,873	10.73	5.15
Granted	7,634	4.45	3.28
Vested	(41,552)	10.80	8.29
Forfeited	(1,229)	10.80	8.33
Non-vested – December 31, 2020	<u>49,726</u>	<u>9.71</u>	<u>7.44</u>
Granted	—	—	—
Vested	—	—	—
Forfeited	—	—	—
Non-vested – March 31, 2021	<u>49,726</u>	<u>9.71</u>	<u>7.44</u>

The above tables include options issued and outstanding as of March 31, 2021 as follows:

i. A total of 363,062 incentive stock options and non-qualified 10-year options have been issued, and are outstanding, to the directors, officers, and employees at exercise prices of \$3.82 to \$325.20 per share. From this total, 127,299 options are held by the Chief Executive Officer, who is also a director, with remaining contractual lives of 4.0 years to 8.7 years. All other options issued to directors, officers, and employees have a remaining contractual life ranging from 0.03 years to 8.7 years.

ii. A total of 152,074 non-qualified 10-year options have been issued, and are outstanding, to consultants at exercise prices of \$3.82 to \$325.20 per share and have a remaining contractual life ranging from 0.03 years to 9.4 years.

[Table of Contents](#)

As of March 31, 2021, there was approximately \$35,000 of total unrecognized compensation cost related to non-vested stock options granted under the plans. That cost is expected to be recognized over a weighted-average period of approximately 1.89 years. For stock options outstanding at March 31, 2021, the intrinsic value was approximately \$222,000. For stock options outstanding at March 31, 2020, the intrinsic value was \$0.

The following table provides certain information with respect to the above-referenced stock options that were outstanding and exercisable at March 31, 2021:

Exercise Prices	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
\$ 3.82-\$12.48	7.91	225,179	\$ 8.04	7.96	176,332	\$ 7.60
\$ 12.49-\$24.00	6.32	199,790	\$ 14.19	6.32	198,911	\$ 14.20
\$ 24.01-\$72.00	4.64	65,333	\$ 55.07	4.64	65,333	\$ 55.07
\$ 72.01-\$240.00	4.07	24,526	\$ 75.59	4.07	24,526	\$ 75.59
\$ 240.01-\$325.20	0.03	308	\$ 325.20	0.03	308	\$ 325.20
Total	6.69	<u>515,136</u>	\$ 19.80	6.58	<u>465,410</u>	\$ 20.88

**Restricted Stock Awards Outstanding**

The following summarizes our RSUs activity:

	Number of Shares	Weighted Average Grant Date Fair Value
Total awards outstanding at January 1, 2021	243,800	\$ 2.69
Total shares granted	—	\$ —
Total shares vested	—	\$ —
Total shares forfeited	—	\$ —
Total unvested shares outstanding at March 31, 2021	<u>243,800</u>	<u>\$ 2.69</u>

Scheduled vesting for outstanding RSUs awards at March 31, 2021 is as follows:

	Year Ending December 31,			
	2021	2022	2023	Total
Scheduled vesting	<u>81,268</u>	<u>81,267</u>	<u>81,265</u>	<u>243,800</u>

At March 31, 2021, there was approximately \$563,000 of net unrecognized compensation cost related to unvested RSUs compensation arrangements. This compensation is recognized on a straight-line basis resulting in approximately \$219,000 of compensation expected to be expensed over the next twelve months, and the total unrecognized stock-based compensation expense having a weighted average recognition period of 2.57 years.

**Note 7 – Subsequent Events**

Subsequent events have been evaluated from the balance sheet date through the date on which the unaudited condensed consolidated financial statements were available to be issued.

## FORWARD-LOOKING STATEMENTS

In addition to historical information, this report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. We use words such as “believe”, “expect”, “anticipate”, “project”, “target”, “plan”, “optimistic”, “intend”, “aim”, “will”, or similar expressions, which are intended to identify forward-looking statements. Such statements include, among others:

- those concerning market and business segment growth, demand, and acceptance of our nuclear fuel technology and other steps to commercialization of Lightbridge Fuel™;
- any projections of sales, earnings, revenue, margins, or other financial items;
- any statements of the plans, strategies, and objectives of management for future operations and the timing and outcome of the development of our nuclear fuel technology;
- any statements regarding future economic conditions or performance;
- uncertainties related to conducting business in foreign countries;
- any statements about future financings and liquidity
- the Company’s anticipated financial resources and position; and
- all assumptions, expectations, predictions, intentions, or beliefs about future events and other statements that are not historical facts.

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, including risks related to the design and testing of nuclear fuel incorporating our technology and the degree of market adoption of the Company’s product and service offerings;
- dependence on strategic partners;
- our ability to fund general corporate overhead and outside research and development costs;
- the demand for fuel for nuclear reactors, including small modular reactors, and our ability to attract new customers;
- our ability to manage the business effectively in a rapidly evolving market;

[Table of Contents](#)

- 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, including from accident tolerant fuels;
- the availability of nuclear test reactors and the risks associated with unexpected changes in our nuclear fuel development timeline;
- the increased costs associated with metallization of our nuclear fuel;
- risks associated with the further spread and uncertainty of COVID-19, including the ultimate impact of COVID-19 on people, economies, our ability to access capital markets, the Company's financial position, results of operations or liquidity;
- public perception of nuclear energy generally;
- changes in laws, rules, and regulations governing our business;
- changes in the political environment;
- development and utilization of, and challenges to, our intellectual property;
- the risks associated with potential shareholder activism;
- potential and contingent liabilities; and
- the other risks identified in Item 1A. Risk Factors included in our Annual report on Form 10-K for the year ended December 31, 2020.

Most of these factors are beyond our ability to predict or control and you should not put undue reliance on any forward-looking statement. Future events and actual results could differ materially from those set forth in, contemplated by or underlying the forward-looking statements. Forward-looking statements speak only as of the date on which they are made. The Company assumes no obligation and does not intend to update these forward-looking statements for any reason after the date of the filing of this report, to conform these statements to actual results or to changes in our expectations, except as required by law.

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

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

This MD&A consists of the following sections:

- Overview of Our Business and recent developments — a general overview of our business and updates;
- Critical Accounting Policies and Estimates — a discussion of accounting policies that require critical judgments and estimates;
- Operations Review — an analysis of our condensed consolidated results of operations for the periods presented in our condensed consolidated financial statements; and
- Liquidity, Capital Resources, and Financial Position — an analysis of our cash flows, and an overview of our financial position.

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

### **OVERVIEW OF OUR BUSINESS**

When used in this Quarterly Report on Form 10-Q, the terms "Lightbridge", the "Company", "we", "our", and "us" refer to Lightbridge Corporation together with its wholly-owned subsidiaries Lightbridge International Holding LLC and Thorium Power Inc. Lightbridge's principal executive offices are located at 11710 Plaza America Drive, Suite 2000, Reston, Virginia 20190 USA.

#### **Overview**

At Lightbridge we are developing the next generation of nuclear fuel to impact in a meaningful way the world's climate and energy problems. Our nuclear fuel could significantly improve the economics, safety, and proliferation resistance of nuclear fuel in existing and new nuclear reactors, large and small, with a meaningful impact on addressing climate change, and air pollution, all while benefiting national security. We project that the world's energy and climate needs can only be met if nuclear power's share of the energy-generating mix grows substantially in the coming decades. We are developing our nuclear fuel to enable that to happen. In particular, we are focusing on the potential for large numbers of small modular reactors (SMRs) that we believe can benefit from our fuel with improved economics and load following when included on an electric grid with renewables. Today, there are approximately 440 operable power reactors worldwide, of which about 400 are operating. We expect slow net growth in this number as old reactors close and fewer new large reactors are built, due to the inherent challenges facing new build large reactors, including regulatory and political challenges, financings, and the ability for large reactors to be profitable without running constantly.



We believe our metallic fuel will offer significant economic and safety benefits over traditional fuel, primarily because of the superior heat transfer properties of all-metal fuel and the resulting lower operating temperature of the fuel. We also believe that uprating a reactor with Lightbridge Fuel™ will add incremental electricity at a lower levelized cost than any other means of generating baseload electric power, including any renewable, fossil, or hydroelectric energy source, or any traditional nuclear fuel.

Emerging nuclear technologies that many in the industry believe have the potential to generate massive amounts of power include SMRs, which are now in the development and licensing phases. We expect that Lightbridge Fuel™ can provide SMRs with all the benefits our technology brings to large reactors, with the benefits being more meaningful to the economic case for deployment of SMRs. Lightbridge Fuel™ is expected to generate more power in SMRs than traditional nuclear fuels, which will help decarbonize sectors that are now powered by fossil fuels. We also plan to explore using Lightbridge Fuel™ in new SMRs to produce hydrogen for liquid non-carbon fuels for use in other, hard-to-decarbonize sectors such as aviation and shipping. Our ongoing research and development (R&D) initiatives are entirely compatible with Lightbridge Fuel™ powering SMRs for multiple purposes. The first SMRs that could use our fuel are expected to begin operations in 2029.

We have built a significant portfolio of patents reflecting years of R&D, and we anticipate testing of our fuel through third party vendors and others, including the United States Department of Energy (DOE) national laboratories. Currently, we are doing all of our R&D activities with the U.S. national laboratories, and are negotiating contracts for additional future scopes of work.

## **Development of Lightbridge Fuel™**

### ***Recent Developments***

- On May 11, 2021, we announced successful demonstration of the manufacturing process for three-lobe, six-foot rods using surrogate materials. This demonstration of Lightbridge's proprietary manufacturing process uses an internally developed and patented high-temperature coextrusion process. The six-foot length of the surrogate rods is the typical length of the fuel rods used by many small modular reactors (SMRs) now in development and licensing. Future fabrication of high-assay low-enriched uranium (HALEU) rodlets for loop irradiation testing in the Advanced Test Reactor, and ultimately commercial length HALEU fuel rods, will use similar extrusion and casting techniques to create material chemistry and grain structures representative of Lightbridge Fuel™. Performing fabrication development activities with surrogate materials allows Lightbridge to use a broader range of suppliers and is a cost-effective approach as it does not require uranium material.
- On March 25, 2021, the Company was awarded a second voucher from the DOE's GAIN program to support development of Lightbridge Fuel™ in collaboration with the Pacific Northwest National Laboratory (PNNL). The scope of the project is to demonstrate Lightbridge's nuclear fuel casting process using depleted uranium, a key step in the manufacture of Lightbridge Fuel™. The project is anticipated to commence in the first half of 2021. The total project value is approximately \$664,000, with three-quarters of this amount funded by DOE for the scope performed by PNNL.
- We were awarded a GAIN voucher by the U.S. Department of Energy (DOE) in 2019 for the experiment design for irradiation of material samples of Lightbridge metallic fuel in the Advanced Test Reactor (ATR) at Idaho National Laboratory (INL). On April 22, 2020, we entered into a Cooperative Research and Development Agreement (CRADA) with Battelle Energy Alliance, LLC (BEA), the DOE's operating contractor at INL. The project commenced in the second quarter of 2020 and was originally expected to be completed in the second quarter of 2021. However, because of project staffing issues at INL related to the laboratory's COVID-19 restrictions and U.S. export control matters, the project is currently expected to be completed by the end of the third quarter of 2021.
- We expanded our patent portfolio by successfully obtaining two new patents in 2021, in the United States and other key foreign countries. The new patents will help safeguard the Company's intellectual property, which is an integral component of the Company's plans to monetize the Lightbridge Fuel™ technology.

***Impact of COVID-19 to our Business***

The recent COVID-19 pandemic has impacted our business operations and results of operations for the year ended December 31, 2020, resulting in the reduction of our R&D expenses and an increase in our general and administrative expenses due to severance payments made to former employees. The future impacts of the COVID-19 pandemic on our financial position, results of operations and future liquidity and capital resources availability is unknown and uncertain.

In an effort to protect the health and safety of our employees, we took proactive, aggressive action from the earliest signs of the outbreak in China, including working from home and suspending employee travel. In an effort to contain COVID-19 or slow its spread, governments around the world have also enacted various measures, including orders to close all businesses not deemed “essential,” isolate residents to their homes or places of residence, and practice social distancing when engaging in essential activities. However, the effects of the pandemic are fluid and changing rapidly, including with respect to vaccine and treatment developments and deployment and potential mutations of COVID-19.

We will continue to actively monitor the COVID-19 situation and may take further actions altering our business operations that we determine are in the best interests of our employees and stakeholders, or as required by federal, state, or local authorities. It is not clear what the potential effects any such alterations or modifications may have on our financial position, results of operations or liquidity, including the effects on our employees and future prospects, including our R&D activities for the fiscal 2021 and beyond.

***Settlement of Arbitration***

On February 11, 2021, the Company entered into a settlement agreement (the “Settlement Agreement”) with Framatome SAS and Framatome Inc. (together, “Framatome”), resolving the pending claims and counterclaims between the parties in arbitration and judicial proceedings related to the parties’ inactive joint venture, Enfission, LLC. Under the terms of the Settlement Agreement, all joint venture agreements were terminated and the joint venture was dissolved on March 23, 2021. Lightbridge paid Framatome on March 15, 2021 approximately \$4.2 million for outstanding invoices for work performed by Framatome and other expenses incurred by Framatome.

***Availability of Suitable test Loops in the ATR***

After the Halden research reactor was shut down in 2018, we embarked on a global search for an alternative for loop irradiation testing of our metallic fuel rods. Ultimately, we settled on the ATR at INL and applied to DOE for and won a GAIN Voucher in December 2019 to kick off our initial collaboration with the U.S. national laboratory complex. Our initial understanding was that we would have access to a government-funded PWR water test loop in the ATR to generate sufficient data to support our lead test assembly (LTA) testing and eliminate the need for lead test rod (LTR) testing in a large commercial reactor. However, while the ATR has enough space for four test loops where fuel rods can be irradiated, the reactor currently has only one such test loop, limiting how much fuel rod material that can be inserted into the reactor as well as its duration in the reactor. We believe that INL could add up to all three additional test loops, which we have determined to be an unmanageable cost for Lightbridge. We plan to work with the government and industry to have those test loops added without Lightbridge paying for them. We believe we have strong arguments for the government to pay most of the cost for the additional test loops.

[Table of Contents](#)

If new test loops are not added to the ATR, loop irradiation testing in the ATR may not provide sufficient data to justify regulatory approval for LTA testing in a large commercial PWR in a commercially feasible timeframe. This would likely necessitate an extra fuel development step of LTR testing in a large commercial PWR in addition to the ATR loop testing before LTA testing could commence. As a result, our fuel development timelines would be extended to 15-20 years before securing our first orders for batch reloads in large commercial PWRs. Consequently, the projected fuel development costs would increase substantially, making it unfeasible for Lightbridge to fund this fuel development effort on our own.

**CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make a variety of estimates and assumptions that affect (i) the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and (ii) the reported amounts of revenues and expenses during the reporting periods covered by the financial statements. For a discussion of the accounting judgments and estimates that we have identified as critical in the preparation of our financial statements, please see “Critical Accounting Policies and Estimates” under Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K filed on March 25, 2021. There have been no significant changes in our critical accounting policies and estimates during the three months ended March 31, 2021.

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

***Recent Accounting Standards and Pronouncements***

Refer to Note 1 to our unaudited condensed consolidated financial statements for a discussion of recent accounting standards and pronouncements.

**OPERATIONS REVIEW**

Financial information is included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

**Condensed Consolidated Results of Operations – Three Months Ended March 31, 2021 and 2020**

The following table presents our historical operating results and the increase (decrease) in amounts for the periods indicated:

	<b>Three months Ended</b>		<b>Increase (Decrease) Change \$</b>	<b>Increase (Decrease) Change %</b>
	<b>March 31,</b>			
	<b>2021</b>	<b>2020</b>		
<b>Operating Expenses</b>				
General and administrative	\$ 1,782,860	\$ 1,936,755	\$ (153,895)	(8)%
Research and development	\$ 369,450	\$ 389,824	\$ (20,374)	(5)%
<b>Total Operating Expenses</b>	<b>\$ 2,152,310</b>	<b>\$ 2,326,579</b>	<b>\$ (174,269)</b>	<b>(7)%</b>
<b>Other Operating Income</b>				
Grant income	\$ 103,319	\$ —	\$ 103,319	—%
<b>Total Other Operating Income</b>	<b>\$ 103,319</b>	<b>\$ —</b>	<b>\$ 103,319</b>	<b>—%</b>
<b>Total Operating Loss</b>	<b>\$ (2,048,991)</b>	<b>\$ (2,326,579)</b>	<b>\$ 277,588</b>	<b>(12)%</b>
<b>Other Income</b>	<b>\$ 37,003</b>	<b>\$ 62,493</b>	<b>\$ (25,490)</b>	<b>(41)%</b>
<b>Net loss before Income Taxes</b>	<b>\$ (2,011,988)</b>	<b>\$ (2,264,086)</b>	<b>\$ 252,098</b>	<b>(11)%</b>
<b>Net Loss</b>	<b>\$ (2,011,988)</b>	<b>\$ (2,264,086)</b>	<b>\$ 252,098</b>	<b>(11)%</b>

**Operating Expenses**

**General and Administrative Expenses**

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 legal, audit, strategic advisory services, and outsourcing services.

Total general and administrative expenses decreased by approximately \$0.2 million for the three months ended March 31, 2021, as compared to the three months ended March 31, 2020. There was a decrease in professional fees of approximately \$0.1 million primarily due to a decrease in the legal and professional fees relating to the Framatome arbitration, and a decrease in employee compensation and employee benefits of approximately \$0.1 million.

**Research and Development**

Research and development expenses consist primarily of compensation and related fringe benefits including stock-based compensation and related allocable overhead costs for the research and development of our fuel, including work performed.

Total R&D expenses for the three months ended March 31, 2021 and the three months ended March 31, 2020 were consistent period over period as we transitioned to a new fuel development strategy with the DOE's National Laboratories. There was a decrease in employee compensation and employee benefits of approximately \$0.2 million. These decreases were offset by an increase of approximately \$0.1 million in outside research and development work and an increase of approximately \$0.1 million in patent expense.

Due to the nature of our R&D expenditures, cost and schedule estimates are inherently uncertain and can vary significantly as new information and the outcome of these R&D activities become available. During the first quarter of 2021, we had a decrease in R&D expense compared to 2020, also partially due to the uncertainty of COVID-19 on our future business operations, resulting in budgetary constraints due primarily to current market conditions and the uncertainty of future liquidity and capital resources available to us to conduct our future R&D activities.

#### ***Other Operating Income***

There was an increase in grant income of approximately \$0.1 million for the three months ended March 31, 2021 with a charge to R&D expenses and a corresponding amount to other income. There was no grant income for the three months ended March 31, 2020.

#### ***Other Income***

There was a decrease in other income was due to a decrease in interest income generated from the interest earned from the purchase of treasury bills and from our bank savings account for the three months ended March 31, 2021, as compared to the three months ended March 31, 2020. This decrease was offset by a foreign transaction gain recorded relating to the settlement payment to Framatome.

### **LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION**

#### ***Liquidity Outlook***

While the Company's cash balance at March 31, 2021 exceeds its currently budgeted expenditures through the first quarter of 2022, there are inherent uncertainties in forecasting future expenditures, especially forecasting for uncertainties such as future general and administrative costs and R&D costs and how COVID-19 may affect future costs and operations.

At March 31, 2021, we had cash and cash equivalents of approximately \$15.2 million, as compared to approximately \$21.5 million at December 31, 2020, a decrease of approximately \$6.3 million. The Company's net cash used in operating activities for the three months ended March 31, 2021 was approximately \$6.3 million, and current projections indicate that the Company will have continued negative operating cash flows until the commercialization of its nuclear fuel.

We have approximately \$14.8 million of working capital as of the date of this filing. We currently project a negative cash flow from our current operations averaging approximately \$0.8 million per month for our general and administrative and total R&D expenses, for total expected expenditures of approximately \$9 million to \$10 million for the next 12 to 15 months. We believe that our current working capital exceeds our budgeted expenditures through the first quarter of 2022. However, there are inherent uncertainties in forecasting future required R&D expenditures, as we are currently working on establishing our first fuel development agreements with the DOE's National Laboratories. Once many of these agreements are finalized and the future R&D costs are known, we expect to forecast a significantly higher level of future required R&D expenses and higher negative monthly cash flows from operations.

If sufficient funding becomes available to us, our R&D activities may significantly increase in the future. This funding is needed to continue our fuel development project and to achieve our future R&D milestones. COVID-19 may also affect costs and future operations by potentially delaying our work at the DOE's National Laboratories. The actual amount of cash we will need to operate is subject to many factors, including, but not limited to, the timing, design and conduct of the R&D work at the DOE's National Laboratories for our fuel along with cost to commercialize our nuclear fuel. Accordingly, there is high potential for budget variances in the current cost projections and fuel development timelines of our current planned operations over the fuel development period. Currently, we will seek shareholder approval on May 27, 2021 to increase the number of authorized common shares, which is needed in order for us to finance our current and future R&D and corporate activities through future equity financing.

We will also need to receive substantial U.S. government support throughout our nuclear fuel R&D period in order to fund our R&D efforts in the future. If we are unable to obtain this government funding that meets our future R&D cash requirements, we will need to seek other funding, if available. This will result in dilution to our existing stockholders. If we can raise additional funds through the issuance of preferred stock, other equity or convertible securities, these securities could have rights or preferences senior to those of our common stock and could contain covenants that restrict our operations in the future. There can be no assurance that we will be able to obtain additional equity or debt financing on terms acceptable to us, if at all.

Considering the above-mentioned uncertainties and lack of financial resources to fund our current and long-term fuel development costs and corporate overhead expenses, substantial doubt exists about the Company's ability to continue as a going concern for the 12 months following the date of this filing. We have the ability to delay or reduce certain operating expenses, including R&D expenses in the next 12 to 15 months, which could reduce our cash flow shortfall. However, this delay would also extend our projected fuel development timeline discussed above.

The current primary sources of cash available to us for the next 12 months are potential funding from equity issuances, including potential future at-the-market financing under our at-the-market equity offering sales agreement, as amended, with Stifel, Nicolaus & Company, Incorporated, and U.S. government support. The Company has an effective Form S-3 that was filed with the SEC on March 25, 2021 registering the sale of up to \$75 million of the Company's securities and declared effective on April 5, 2021. Due to the offering limitations currently applicable under General Instruction I.B.6. of Form S-3 and the market valuation of our current public float, we are currently limited on the amount of funding available under a new shelf registration statement. We have no debt or lines of credit and we have financed our operations to date through our prior years' consulting revenue margins and the sale of our preferred stock and common stock. Management believes that public or private equity investments may be available in the future, however adverse market conditions in our common stock price and trading volume, as well as other factors like COVID-19 could substantially impair our ability to raise capital in the future and to continue the nuclear fuel development project.

#### ***Short-Term and Long-Term Liquidity Sources***

As discussed above, we will seek new financing bringing us additional sources of capital, depending on the capital market conditions of our common stock and us obtaining shareholder approval to increase the current number of authorized common shares, over the next 12 months. There can be no assurance that these additional sources of capital will be made available to us. The primary potential sources of cash that may be available to us are as follows:

- Equity or debt investment from third party investors in Lightbridge; and
- Strategic investment and U.S. government funding to support the remaining R&D activities required to continue the development of our fuel products and move them to a commercial stage.

In support of our long-term business with respect to our fuel technology business, we endeavor to create strategic alliances with other parties during the next three years, to support the remaining R&D activities that is 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.

See Note 6. Stockholders' Equity and Stock-Based Compensation of the Notes to our condensed consolidated financial statements included in Part I. Item 1. *Financial Statements*, of this Quarterly Report on Form 10-Q for information regarding our prior equity financings.

#### ***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.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not Required.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### **Evaluation of Disclosure Controls and Procedures**

Based on an evaluation under the supervision and with the participation of the Company's management, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act were effective as of March 31, 2021 to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

#### **Remediation of Previously Identified Material Weakness**

Management has concluded that the material weakness in internal control over financial reporting described in Part II, Item 9A, Control and Procedures in our Annual Report on Form 10-K for the year ended December 31, 2020 has been remediated as of March 31, 2021. Management enhanced its existing control process that entails a detailed review of patent costs. The Company has also enhanced its access to accounting literature and documents with an on line research tool and increased its communication among its personnel and third-party professionals, with whom it consults regarding complex accounting applications. Management has evaluated these enhanced controls and has concluded they are designed and operating effectively.

#### **Changes in Internal Control Over Financial Reporting**

Other than the changes resulting from the remediation activities described above, there were no changes in the Company's internal control over financial reporting during the first quarter of 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II—OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

From time to time, we may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. For a description of legal proceedings involving the Company, see the information set forth below and under Litigation in Note 4. Commitments and Contingencies of the Notes to our unaudited condensed consolidated financial statements in Part I. Item 1. *Financial Statements and Supplementary Data*, of this Quarterly Report on Form 10-Q.

**ITEM 1A. RISK FACTORS**

There have been no other material changes to our risk factors from the risk factors previously disclosed in the 2020 Annual Report.

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

None

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Not Applicable

**ITEM 4. MINE SAFETY DISCLOSURES**

Not Applicable

**ITEM 5. OTHER INFORMATION**

None



**ITEM 6. EXHIBITS**

**EXHIBIT INDEX –**

<b>Exhibit Number</b>	<b>Description</b>
<a href="#">10.1</a>	<a href="#">Amendment No. 1 to the At-the-Market Equity Offering Sales Agreement, dated May 28, 2019, by and between Lightbridge Corporation and Stifel, Nicolaus &amp; Company, Incorporated (incorporated by reference to Exhibit 10.1 to the Form 8-K filed by the Company on April 9, 2021).</a>
<a href="#">31.1</a>	<a href="#">Rule 13a-14(a)/15d-14(a) Certification - Principal Executive Officer</a>
<a href="#">31.2</a>	<a href="#">Rule 13a-14(a)/15d-14(a) Certification - Principal Financial Accounting Officer</a>
<a href="#">32</a>	<a href="#">Section 1350 Certifications</a>
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

**SIGNATURES**

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

**LIGHTBRIDGE CORPORATION**

Date: May 12, 2021

By: /s/ Seth Grae

Name: Seth Grae

Title: President, Chief Executive Officer and Director  
(Principal Executive Officer)

By: /s/ Larry Goldman

Name: Larry Goldman

Title: Chief Financial Officer  
(Principal Financial Officer and Principal Accounting  
Officer)

**Certification of Principal Executive Officer**

I, Seth Grae, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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; and
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: May 12, 2021

By: /s/ Seth Grae  
Seth Grae  
Principal Executive Officer

**Certification of Principal Financial Officer**

I, Larry Goldman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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; and
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: May 12, 2021

By: /s/ Larry Goldman  
Larry Goldman  
Chief Financial Officer  
(Principal Financial and Principal Accounting  
Officer)

## Section 1350 Certifications

## STATEMENT FURNISHED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, the Chief Executive Officer and Chief Financial Officer of Lightbridge Corporation, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge on the date hereof:

1. the Quarterly Report on Form 10-Q of Lightbridge Corporation for the quarter ended March 31, 2021, filed on the date hereof with the Securities and Exchange Commission (the Report), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Lightbridge Corporation.

Date: May 12, 2021

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

By: /s/ Larry Goldman  
Name: Larry Goldman  
Title: Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)