**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: **June 30, 2022**

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

For the transition period from _____ to _____

Commission File Number: **001-34487**

# LIGHTBRIDGE CORPORATION

(Exact name of registrant as specified in its charter)

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

**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: |
|---|---|---|
| **Common Stock, $0.001 par value** | **LTBR** | **The Nasdaq Capital Market** |

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 | ☐ | Accelerated Filer | ☐ |
| Non- accelerated Filer | ☒ | Smaller reporting company | ☒ |
| | | Emerging growth company | ☐ |

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 July 15, 2022 is as follows:

| **Class of Securities** | **Shares Outstanding** |
|---|---|
| Common Stock, $0.001 par value | 11,082,218 |

**LIGHTBRIDGE CORPORATION**
**Form 10-Q**
**JUNE 30, 2022**


| | | Page |
|---|---|---|
| **PART I - FINANCIAL INFORMATION** | | |
| Item 1. | Financial Statements (unaudited) | 3 |
| | Unaudited Condensed Consolidated Balance Sheets as of June 30, 2022 and December 31, 2021 | 3 |
| | Unaudited Condensed Consolidated Statements of Operations for the Three Months and Six Months Ended June 30, 2022 and 2021 | 4 |
| | Unaudited Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2022 and 2021 | 5 |
| | Unaudited Condensed Consolidated Statements of Changes in Stockholders' Equity for the Six Months Ended June 30, 2022 and 2021 | 6 |
| | Notes to Condensed Consolidated Financial Statements (unaudited) | 8 |
| | Forward-Looking Statements | 21 |
| Item 2. | Management's Discussion and Analysis of Financial Condition and Results of Operations | 23 |
| Item 3. | Quantitative and Qualitative Disclosures About Market Risk | 30 |
| Item 4. | Controls and Procedures | 30 |
| **PART II - OTHER INFORMATION** | | |
| Item 1. | Legal Proceedings | 31 |
| Item 1A. | Risk Factors | 31 |
| Item 2. | Unregistered Sales of Equity Securities and Use of Proceeds | 31 |
| Item 3. | Defaults Upon Senior Securities | 31 |
| Item 4. | Mine Safety Disclosures | 31 |
| Item 5. | Other Information | 31 |
| Item 6. | Exhibits | 32 |
| **SIGNATURES** | | 33 |

**PART I-FINANCIAL INFORMATION**
**ITEM 1. FINANCIAL STATEMENTS**

**LIGHTBRIDGE CORPORATION**
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

| | June 30, 2022 | December 31, 2021 |
|---|---|---|
| **ASSETS** | | |
| Current Assets | | |
| Cash and cash equivalents | $ 29,268,074 | $ 24,747,613 |
| Prepaid expenses and other current assets | 409,339 | 113,452 |
| Total Current Assets | 29,677,413 | 24,861,065 |
| | | |
| Other Assets | | |
| Trademarks | 107,757 | 101,583 |
| Total Assets | $ 29,785,170 | $ 24,962,648 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | $ 482,661 | $ 171,521 |
| Total Current Liabilities | 482,661 | 171,521 |
| | | |
| Commitments and Contingencies (Note 4) | | |
| Stockholders' Equity | | |
| Preferred stock, $0.001 par value, 10,000,000 authorized shares, 0 shares issued and outstanding at June 30, 2022 and December 31, 2021 | - | - |
| Common stock, $0.001 par value, 13,500,000 shares authorized, 11,009,000 shares and 9,759,223 shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively | 11,009 | 9,759 |
| Additional paid-in capital | 169,834,944 | 161,772,641 |
| Accumulated deficit | (140,543,444) | (136,991,273) |
| Total Stockholders' Equity | 29,302,509 | 24,791,127 |
| Total Liabilities and Stockholders' Equity | $ 29,785,170 | $ 24,962,648 |

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

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Revenue | $ — | $ — | $ — | $ — |
| Operating Expenses | | | | |
| General and administrative | 1,439,684 | 1,515,899 | 3,353,249 | 3,298,759 |
| Research and development | 165,476 | 273,314 | 428,299 | 642,764 |
| Total Operating Expenses | 1,605,160 | 1,789,213 | 3,781,547 | 3,941,523 |
| Other Operating Income | | | | |
| Distribution from joint venture | — | 110,000 | — | 110,000 |
| Contributed services - research and development | 83,501 | 67,794 | 206,854 | 171,113 |
| Total Other Operating Income | 83,501 | 177,794 | 206,854 | 281,113 |
| Operating Loss | (1,521,659) | (1,611,419) | (3,574,693) | (3,660,410) |
| Other Income | | | | |
| Interest income | 19,017 | 1,322 | 22,522 | 4,631 |
| Foreign currency transaction gain | — | — | — | 33,694 |
| Total Other Income | 19,017 | 1,322 | 22,522 | 38,325 |
| Net Loss Before Income Taxes | (1,502,642) | (1,610,097) | (3,552,171) | (3,622,085) |
| Income taxes | — | — | — | — |
| Net Loss | $ (1,502,642) | $ (1,610,097) | $ (3,552,171) | $ (3,622,085) |
| Accumulated preferred stock dividend | — | (133,313) | — | (264,747) |
| Additional deemed dividend on preferred stock due to the beneficial conversion feature | — | (58,408) | — | (115,897) |
| Net Loss Attributable to Common Stockholders | $ (1,502,642) | $ (1,801,818) | $ (3,552,171) | $ (4,002,729) |
| Net Loss Per Common Share | | | | |
| Basic and Diluted | $ (0.14) | $ (0.27) | $ (0.34) | $ (0.61) |
| Weighted Average Number of Common Shares Outstanding | | | | |
| Basic and Diluted | 10,523,238 | 6,595,483 | 10,403,922 | 6,592,454 |

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

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

| | Six Months Ended June 30, | |
|---|---|---|
| | **2022** | **2021** |
| Operating Activities | | |
| Net loss | $ (3,552,171) | $ (3,622,085) |
| Adjustments to reconcile net loss from operations to net cash used in operating activities: | | |
| Common stock issued for services | 15,000 | 30,000 |
| Stock-based compensation | 438,708 | 246,403 |
| | | |
| Changes in operating working capital items: | | |
| Other receivables | — | (785,000) |
| Prepaid expenses and other current assets | (295,887) | (217,001) |
| Accounts payable and accrued liabilities | 326,140 | 211,655 |
| Accrued legal settlement costs | — | (3,525,000) |
| Net Cash Used in Operating Activities | (3,068,210) | (7,661,028) |
| | | |
| Investing Activities | | |
| Trademarks | (6,174) | (14,655) |
| Net Cash Used in Investing Activities | (6,174) | (14,655) |
| | | |
| Financing Activities | | |
| Net proceeds from issuances of common stock | 7,594,845 | — |
| Net Cash Provided by Financing Activities | 7,594,845 | — |
| | | |
| Net Increase (Decrease) in Cash and Cash Equivalents | 4,520,461 | (7,675,683) |
| | | |
| Cash and Cash Equivalents, Beginning of Period | 24,747,613 | 21,531,665 |
| | | |
| Cash and Cash Equivalents, End of Period | $ 29,268,074 | 13,855,982 |
| | | |
| Supplemental Disclosure of Cash Flow Information: | | |
| Cash paid during the period: | | |
| Interest paid | $ — | $ — |
| Income taxes paid | $ — | $ — |
| Non-Cash Financing Activities: | | |
| Accumulated preferred stock dividend | $ — | $ 380,644 |
| Conversion of Series A convertible preferred stock to common stock and payment of paid-in-kind dividends to Series A preferred stockholder | $ — | $ 17,173 |
| Payment of accrued liabilities with common stock | $ 15,000 | $ 54,690 |

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

**LIGHTBRIDGE CORPORATION**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**
**FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND JUNE 30, 2021**

| | Common Stock | | Additional Paid-in | Accumulated | Total |
|---|---|---|---|---|---|
| | Shares | Amount | Capital | Deficit | Equity |
| Balance – January 1, 2022 | 9,759,223 | $ 9,759 | $ 161,772,641 | $ (136,991,273) | $ 24,791,127 |
| Shares issued - registered offerings - net of offering costs | 820,641 | 822 | 5,412,041 | — | 5,412,863 |
| Shares issued to consultant & directors for services | 8,810 | 8 | 14,992 | — | 15,000 |
| Stock-based compensation | — | — | 264,936 | — | 264,936 |
| Net loss for the three months ended March 31, 2022 | — | — | — | (2,049,529) | (2,049,529) |
| Balance – March 31, 2022 | 10,588,674 | $ 10,589 | $ 167,464,610 | $ (139,040,802) | $ 28,434,397 |
| Shares issued - registered offerings - net of offering costs | 418,530 | 418 | 2,181,564 | — | 2,181,982 |
| Shares issued to consultant for services | 1,796 | 2 | 14,998 | — | 15,000 |
| Stock-based compensation | — | — | 173,772 | — | 173,772 |
| Net loss for the three months ended June 30, 2022 | — | — | — | (1,502,642) | (1,502,642) |
| Balance – June 30, 2022 | 11,009,000 | $ 11,009 | $ 169,834,944 | $ (140,543,444) | $ 29,302,509 |

**LIGHTBRIDGE CORPORAT ION**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**
**FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND JUNE 30, 2021**
**(Continued)**

| | Series A Preferred Stock | | Series B Preferred Stock | | Common Stock | | Additional Paid-in | Accumulated | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shares | Amount | Capital | Deficit | Equity |
| 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 | 699,878 | $ 699 | 2,666,667 | $ 2,667 | 6,591,310 | $ 6,591 | $ 146,482,966 | $ (131,167,596) | $ 15,325,327 |
| Conversion of 16,026 preferred shares to 1,846 common shares | (16,026) | (16) | — | — | 1,846 | 2 | 14 | — | — |
| Shares issued to consultant for services | — | — | — | — | 2,347 | 2 | 14,998 | — | 15,000 |
| Stock-based compensation | — | — | — | — | — | — | 186,335 | — | 186,335 |
| Net loss for the three months ended June 30, 2021 | — | — | — | — | — | — | — | (1,610,097) | (1,610,097) |
| Balance – June 30, 2021 | 683,852 | $ 683 | 2,666,667 | $ 2,667 | 6,595,503 | $ 6,595 | $ 146,684,313 | $ (132,777,693) | $ 13,916,565 |

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 condensed consolidated financial statements and should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2021, included in our Annual Report on Form 10-K for the year ended December 31, 2021.

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 and six-month periods 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. 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 its next generation nuclear fuel technology.

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

The Company's available working capital at June 30, 2022 and as of the date of this filing, exceeds its currently anticipated expenditures through the second quarter of 2023. However, there are inherent uncertainties in forecasting future expenditures, especially forecasting for uncertainties such as future research and development (R&D) costs and other cash outflows, as well as how the COVID-19 outbreak, including the emergence and spread of variant strains of the virus, 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, will require it to raise significant additional capital, including receiving government support. These uncertainties include the Company's projected fuel development timeline of up to 15-20 years to fuel commercialization, the operational costs required to keep the fuel development project on schedule and the various risks of developing and commercializing the Company's nuclear fuel. These uncertainties, when combined, raise substantial doubt about the Company's ability to continue as a going concern for the 12 months following the date of this filing. The Company's condensed consolidated financial statements have been prepared on the basis of continuity of operations, realization of assets and satisfaction of liabilities in the ordinary course of business. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company not continue as a going concern. 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 R&D expenses, until sufficient capital becomes available.

At June 30, 2022, the Company had $29.3 million in cash and had a working capital surplus of $29.2 million. The Company's net cash used in operating activities for the six months ended June 30, 2022 was $3.1 million, and current projections indicate that the Company will have continued negative cash flows from operations for the foreseeable future. Net losses incurred for the six months ended June 30, 2022 and 2021 amounted to $3.6 million for each period. As of June 30, 2022, the Company had an accumulated deficit of $140.5 million, representative of recurring losses since inception. The Company will continue to incur losses because it is in the early research and development stage of developing 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, including grants from the federal government. The Company may issue securities, including common stock, preferred stock, and stock purchase contracts through private placement transactions or registered public offerings, pursuant to current and future registration statements. The Company's current shelf registration statement on 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 was declared effective on April 5, 2021. Due to the offering limitations applicable under General Instruction I.B.6. of Form S-3 and the market valuation of our future public float, the Company may be limited on the amount of funding available under this Form S-3 shelf registration statement in the future. 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 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.

***Fair Value of Financial Instruments***

The Company's consolidated financial instruments consist principally of cash and cash equivalents, and accounts payable. In accordance with the provisions of ASC 820, "Fair Value Measurements," the Company determines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree that the inputs are observable. The categorization of financial instruments within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The Company generally applies the income approach to determine fair value. This method uses valuation techniques to convert future amounts to a single present amount. The measurement is based on the value indicated by current market expectations with respect to the future amounts.

ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to active markets for identical assets and liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The Company classifies fair value balances based on the observability of those inputs. The three levels of the fair value hierarchy are as follows:

Level 1 - Observable inputs such as quoted prices in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs other than quoted prices that are observable for the asset or liability

Level 3 - Unobservable inputs that reflect management's assumptions

For disclosure purposes, assets and liabilities are classified in their entirety in the fair value hierarchy level based on the lowest level of input that is significant to the overall fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels.

Quoted market prices were applied to determine the fair value of U.S. Treasury Bill investments; therefore they were categorized as Level 1 on the fair value hierarchy. The Company buys and holds short-term U.S. Treasury Bills to maturity.

***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 stage and a commercial stage thereafter.

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 activities, 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 short-term and long-term R&D milestones toward commercialization, 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 spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak a pandemic, based on increased exposure globally. The current spread of COVID-19, including the emergence and spread of variant strains of the virus, 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 impacted our business operations and results of operations for the years ended December 31, 2021 and 2020, which resulted in a delay of our R&D work and 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 future 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.

***Cash and Cash Equivalents***

The Company may at times invest its excess cash in interest bearing accounts and U.S. Treasury Bills. It classifies all highly liquid investments with original stated maturities of three months or less from date of purchase as cash equivalents and all highly liquid investments with stated maturities of greater than three months as marketable securities. The Company holds cash balances in excess of the federally insured limits of $250,000. The Company deems this credit risk not to be significant as its cash is and was held by two prominent financial institutions in 2022 and 2021. The Company buys and holds short-term U.S. Treasury Bills to maturity. U.S. Treasury Bills held by the Company totaled $14.0 million and $9.0 million at June 30, 2022 and December 31, 2021, respectively. The remaining cash balances of $15.3 million and $15.7 million at June 30, 2022 and December 31, 2021, respectively, are on deposit with one prominent financial institution.

***Contributed Services - Research and Development***

The Company was awarded a grant in 2019 and a second grant in 2021 from the United States Department of Energy (DOE) which represented contributed services to further the Company's R&D activities. The Company concluded that its government grants were not within the scope of the revenue recognition standard ASC Topic 606 as they did not meet the definition of a contract with a customer. Additionally, the Company concluded that the grants met the definition of a contribution, as the grants were a non-reciprocal transaction. As such, the Company determined that Subtopic 958-605, Not-for-Profit-Entities-Revenue Recognition applies for these contributed services, even though the Company is a business entity, as guidance in the contributions received subsections of Subtopic 958-605 applies to all entities (not-for-profits and business entities).

The Company early adopted Accounting Standards Update 2020-07 in the fourth quarter of 2021, which amends Subtopic 958-605 and further clarifies the presentation and disclosure about contributions.

Subtopic 958-605 requires that nonfinancial assets, which includes services, such as the research and development services provided under the Gateway for Accelerated Innovation in Nuclear (GAIN) vouchers described in Note 5, should be shown on a gross method at the fair value of the services contributed, with contributed services - research and development shown as other operating income and the related costs as a charge to research and development expense, rather than depicting contributed services - research and development as a reduction of research and development expense. The fair value of contributed services was determined by the cost of professional time and materials which were charged by the subcontractor who fulfilled the services contributed under the grant award. The principal market used to arrive at fair value is the market in which the Company operates.

The Company recognized contributed services - research and development of $0.1 million and $0.2 million for the three months and six months ended June 30, 2022 and the three months and six months ended June 30, 2021.

***Trademarks***

Costs for filing and legal fees for trademark applications are capitalized. Trademarks are considered intangible assets with an indefinite useful life and therefore are not amortized. The Company performed an impairment test in the fourth quarter of 2021 and no impairment of the trademarks was identified. As of June 30, 2022 and December 31, 2021, the carrying value of trademarks was $0.1 million.

***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 not separate lease 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.

***Common Stock Warrants***

The Company accounts for common stock warrants as either equity instruments or derivative liabilities depending on the specific terms of the warrant agreement. Common stock warrants are accounted for as a derivative in accordance with ASC 815, *Derivatives and Hedging,* if the stock warrants contain terms that could potentially require "net cash settlement" and therefore, do not meet the scope exception for treatment as a derivative. Warrant instruments that could potentially require "net cash settlement" in the absence of explicit language precluding such settlement are initially classified as derivative liabilities at their estimated fair values, regardless of the likelihood that such instruments will ever be settled in cash.

All outstanding warrants expired on May 16, 2022.

***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 any stock options granted 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.

Awards with service-based vesting conditions only: Expense is 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 basis over the requisite service period until a higher performance-based condition is met, if applicable.

Awards with market-based vesting conditions: Expense is 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 for stock options. The Company estimates forfeitures at the time of grant and revises the estimate, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The forfeiture rate estimate used for all equity awards was zero, based on the experience of the Company having an insignificant historical forfeiture rate. Shares that are issued to employees upon exercise of the stock options may be issued net of a number of shares with a fair value equal to the required tax withholding requirements to be paid by the Company regarding its tax withholding obligations. As a result, the actual number of shares issued are fewer than the actual number of shares exercised under the stock option or on the dates of vesting of Restricted Stock Unit (RSU) grants.

The Company grants two types of Restricted Stock Awards ("RSAs"). The first type is an award of our shares that have full voting rights and dividend rights (with dividends paid upon vesting of the RSA) but are restricted with regard to sale or transfer before vesting. As such, they are shown as shares issued and outstanding. These restrictions lapse over the vesting period. The shares are forfeited and returned to the Company if they do not vest. The RSAs are included in common stock issued and outstanding and are considered contingently issuable in the calculation of weighted-average shares outstanding for purposes of calculating earnings per share. The consolidated statement of changes in stockholders' equity shows the initial grant of RSAs as a reclassification from additional paid-in capital to common stock, with any compensation expense related to the RSAs included in stock-based compensation. The second type of RSAs granted by the Company have only performance conditions. These RSAs do not have voting and dividend rights until they vest as ordinary common shares and are not included in common stock issued and outstanding.

***Recent Accounting Pronouncements***

In November 2021, the FASB issued *ASU 2021-10, Government Assistance (Topic 832) - Disclosures by Business Entities about Government Assistance* This ASU requires disclosures that are expected to increase the transparency of transactions with a government accounted for by applying a grant or contribution accounting model by analogy, including (1) the nature of the transactions and the form in which assistance has been received, (2) the accounting policy applied, and (3) the balance sheet and income statement line items that are affected by the transactions, and the amounts applicable to each financial statement line item. This ASU is effective for annual periods beginning after December 15, 2021, with early adoption permitted. The adoption of this standard did not materially impact the Company's consolidated financial statements in 2022.

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),* which simplifies the complexity associated with applying U.S. GAAP for certain financial instruments with characteristics of liabilities and equity. This ASU (1) simplifies the accounting for convertible debt instruments and convertible preferred stock by removing the existing guidance in ASC 470-20, *Debt: Debt with Conversion and Other Options*, that requires entities to account for beneficial conversion features and cash conversion features in equity, separately from the host convertible debt or preferred stock; (2) revises the scope exception from derivative accounting in ASC 815-40 for freestanding financial instruments and embedded features that are both indexed to the issuer's own stock and classified in stockholders' equity, by removing certain criteria required for equity classification; and (3) revises the guidance in ASC 260, *Earnings Per Share*, to require entities to calculate diluted earnings per share for convertible instruments by using the if-converted method. ASU 2020-06 is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. Adoption is either through a modified retrospective method or a full retrospective method of transition. The adoption of this standard will not materially impact the Company's consolidated financial statements in 2022.

The FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)*. This standard requires a financial asset to be presented at the net amount expected to be collected. The financial assets of the Company in scope of ASU 2016-13 will primarily be accounts receivable. The Company will estimate an allowance for expected credit losses on accounts receivable that result from the inability of customers to make required payments. In estimating the allowance for expected credit losses, consideration will be given to the current aging of receivables, historical experience, and a review for potential bad debts. The Company will adopt this guidance in the first quarter of fiscal 2023 and does not expect the adoption to have a material impact on its results of operations, financial position, and 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 year 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 common stock equivalents of performance-based milestone compensation arrangements are included as potentially dilutive shares only if the performance condition has been met as of the end of the reporting period.

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 (dollars in millions, except per share data):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **Basic** | | | | |
| **Numerator:** | | | | |
| Net loss attributable to common stockholders | $ (1.5) | $ (1.8) | $ (3.6) | $ (4.0) |
| **Denominator:** | | | | |
| Weighted-average common shares outstanding | 10,523,238 | 6,595,483 | 10,403,922 | 6,592,454 |
| Basic net loss per share | $ (0.14) | $ (0.27) | $ (0.34) | $ (0.61) |
| | | | | |
| **Diluted** | | | | |
| **Numerator:** | | | | |
| Net loss attributable to common stockholders, basic | $ (1.5) | $ (1.8) | $ (3.6) | $ (4.0) |
| Effect of dilutive securities | — | — | — | — |
| Net loss, diluted | $ (1.5) | $ (1.8) | $ (3.6) | $ (4.0) |
| **Denominator:** | | | | |
| Weighted average common shares outstanding - basic | 10,523,238 | 6,595,483 | 10,403,922 | 6,592,454 |
| **Potential common share issuances:** | | | | |
| Weighted-average common shares outstanding | 10,523,238 | 6,595,483 | 10,403,922 | 6,592,454 |
| **Diluted net loss per share** | $ (0.14) | $ (0.27) | $ (0.34) | $ (0.61) |

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 and six months ended June 30, 2022 and 2021 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 and Six Months Ended June 30, | |
|---|---|---|
| | 2022 | 2021 |
| Warrants outstanding | — | 45,577 |
| Stock options outstanding | 520,565 | 563,734 |
| RSAs outstanding | 188,588 | — |
| RSUs outstanding | — | 243,800 |
| Series A convertible preferred stock to common shares | — | 80,235 |
| Series B convertible preferred stock to common shares | — | 281,690 |
| Total | 709,153 | 1,215,036 |

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

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

| | June 30, 2022 | December 31, 2021 |
|---|---|---|
| Trade payables | $ 0.1 | $ 0.1 |
| Accrued legal and consulting expenses | — | 0.1 |
| Accrued bonuses | 0.4 | — |
| Total | $ 0.5 | $ 0.2 |

**Note 4. Commitments and Contingencies**

**Commitments**

***Operating Leases***

The Company leased office space for a 12-month term from January 1, 2022 through December 31, 2022 with a monthly payment of approximately $8,000. The future minimum lease payments required under the non-cancellable operating leases for 2022 total approximately $47,000. Total rent expense for the three and six months ended June 30, 2022 was approximately $23,000 and $47,000, respectively. Total rent expense for the three and six months ended June 30, 2021 was approximately $31,000 and $62,000, respectively.

**Note 5. Research and Development Costs**

On December 19, 2019, the Company was awarded a voucher from the DOE's 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 at INL. On April 22, 2020, the Company entered into a Cooperative Research and Development Agreement (CRADA) with Battelle Energy Alliance, LLC (Battelle), 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 voucher award can only be used to conduct the experiment defined in the CRADA. All work was completed on this GAIN voucher in the third quarter of 2021. This experiment design forms the basis of the Company's current and future efforts with the INL. The Company had no cash payment obligations related to the GAIN voucher, but did provide in-kind services consisting of project management, quality assurance, and technical oversight under the CRADA. The DOE incurred payment obligations to Battelle, related to the work done under the GAIN voucher. As of December 31, 2021, the total final project amount recorded as contributed services - research and development was approximately $0.5 million. During the three and six months ended June 30, 2021, the Company recorded approximately $0.1 million and $0.2 million of contributed services - research and development for the work that was completed by Battelle.

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 this project is to demonstrate Lightbridge's nuclear fuel casting process using depleted uranium, a key step in the manufacture of Lightbridge Fuel™. On July 14, 2021, the Company executed a CRADA with the Battelle Memorial Institute, Pacific Northwest Division, the operating contractor of the PNNL, in collaboration with the DOE. The total project value is approximately $0.7 million, with three-quarters of this amount expected to be paid by DOE for the scope of work performed by Battelle and the remaining amount provided by Lightbridge, by providing in-kind services to the project. The project commenced in the third quarter of 2021 and is expected to be completed by the end of 2022. During the three and six months ended June 30, 2022, the Company recorded approximately $0.1 million and $0.2 million of contributed services - research and development, respectively, for the work that was completed by Battelle.

The contributed services - research and development for both GAIN vouchers were recorded in the Other Operating Income section of the condensed consolidated statement of operations and the corresponding amount was recorded as research and development expenses.

The R&D services provided under the GAIN vouchers are utilized by the Company in its ongoing development of its next generation nuclear fuel technology. The Company believes that the amounts paid by the DOE to Battelle for the service provided does not differ materially from what the Company would have paid had it directly contracted for these services for its R&D activity.

***Recent Change in U.S. Tax Law***

Prior to 2022, Internal Revenue Code Section 174 allowed taxpayers to deduct R&D expenditures in the year in which they were incurred. The 2017 tax reform act amended Section 174, effective for amounts paid or incurred in tax years beginning after December 31, 2021, to require taxpayers to charge their R&D expenditures to a capital account. Capitalized costs are required to be amortized over five years (15 years for expenditures attributable to foreign research).

Due to the Company's future significant R&D expenses, the impact of this tax law change will mean that a significant portion of our total operating expenses will be taken as a deduction over a 5-year period rather than be currently deductible. The Company does not expect to pay cash taxes as a result of this change as our remaining operating expenses after excluding R&D expenses are significant and the Company expects to continue to generate losses for tax purposes.

**Note 6. Stockholders' Equity and Stock-Based Compensation**

At June 30, 2022, the Company had 11,009,000 common shares outstanding (including outstanding RSAs totaling 188,588 shares). Also outstanding were stock options relating to 520,565 shares of common stock and performance-based RSA awards of 188,588 shares, all totaling 11,718,153 shares of common stock and all common stock equivalents, outstanding at June 30, 2022. The performance-based RSA awards of 188,588 shares are not included as common stock outstanding due to managements' probability assessment of not meeting the performance-based milestone at June 30, 2022.

At December 31, 2021, the Company had 9,759,223 common shares outstanding (including outstanding RSAs totaling 188,588 shares). Also outstanding were warrants relating to 45,577 shares of common stock, stock options relating to 538,713 shares of common stock and performance-based RSA awards of 188,588 shares, all totaling 10,532,101 shares of common stock and all common stock equivalents, outstanding at December 31, 2021. The performance-based RSA awards of 188,588 shares are not included as common stock outstanding due to managements' probability assessment of not meeting the performance-based milestone at December 31, 2021.

**Common Stock Equity Offerings**

***ATM Offerings***

On May 28, 2019, the Company entered into an at-the-market (ATM) equity offering 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. The Company filed a prospectus supplement, dated April 9, 2021, with the SEC pursuant to which the Company offered and sold shares of common stock having an aggregate offering price of up to $9.0 million through its ATM. After this offering was completed, the Company filed a second prospectus supplement, dated November 19, 2021, with the SEC pursuant to which the Company may offer and sell shares of common stock having an aggregate offering price of up to $20.0 million from time to time through its ATM.

The Company records its ATM sales on a settlement date basis. The Company sold approximately 1.2 million shares under the ATM for the six months ended June 30, 2022 resulting in net proceeds of approximately $7.6 million under the November 19, 2021 prospectus supplement. No ATM sales occurred during the six months ended June 30, 2021.

**Preferred Stock Equity Offerings**

***Exchange of Outstanding Series A and Series B Convertible Preferred Stock for Common Shares***

On October 29, 2021, the Company entered into an agreement with the holder of all of the outstanding Series A Preferred Stock, to exchange all of the outstanding Series A Preferred Stock and the payment-in-kind (PIK) dividends for 262,910 shares of the Company's common stock ($10 per share induced conversion price), without any cash payments by either party.

On December 3, 2021, the Company entered into a series of agreements with all of the holders of the Company's Series B convertible preferred stock to exchange all outstanding Series B Preferred Stock for shares of the Company's common stock at an exchange rate equal to the sum of the liquidation preference of the Series B Preferred Stock and the accrued and unpaid dividends thereon, divided by $10.00 per share. Upon the closing of the exchange, the Company issued an aggregate of 522,244 shares of common stock to the holders in exchange for all 2,666,667 issued and outstanding Series B Preferred Stock.

The exchange for both Series A and Series B preferred stock was effected without registration under the Securities Act of 1933, as amended, pursuant to the exemption from registration set forth in Section 3(a)(9) of the Securities Act.

In accordance with ASC 470-20, the Company accounted for both exchanges as an induced conversion based on the short period of time the exchange offer was open and that all equity securities pursuant to the original terms were exchanged. Pursuant to this accounting guidance, the Company evaluated the fair value of the incremental 183,098 common shares issued to the Series A Preferred stockholders. Based on the $ 9.57 closing stock price on October 29, 2021, the Company recorded to additional paid-in capital a deemed dividend of $1.8 million at the date of the exchange. Also, the Company evaluated the fair value of the incremental 232,111 common shares issued to the Series B Preferred stockholders. Based on the $7.57 closing stock price on December 3, 2021, the Company recorded to additional paid-in capital a deemed dividend of $1.8 million at the date of the exchange.

**Warrants**

The Company did not have any outstanding warrants as of June 30, 2022 and had 45,577 outstanding warrants as of December 31, 2021. The 45,577 warrants that were 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, expired on May 16, 2022.

**Stock-based Compensation**

***2020 Equity Incentive 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, and (d) Other Stock-Based and Cash-Based Awards.

***Stock Options***

During the six months ended June 30, 2022, the Company issued13,514 stock options to one consultant. These options were assigned a fair value of $3.70 per share (total fair value of $50,000). The value was determined using the Black-Scholes pricing model. The following assumptions for this option grant were used in the Black-Scholes pricing model:

| | |
|---|---|
| Expected volatility | 115.37% |
| Risk free interest rate | 1.02% |
| Dividend yield rate | 0 |
| Weighted average years | 2 years |
| Closing price per share - common stock | $ 6.27 |

Stock options issued to the Company's employees, directors and consultants are summarized as follows for the six months ended June 30, 2022:

| | Options Outstanding | Weighted Average Exercise Price | Weighted Average Grant Date Fair Value |
|---|---|---|---|
| Beginning of the year - January 1, 2022 | 538,713 | $ 18.51 | $ 12.92 |
| Granted | 13,514 | 6.27 | 3.70 |
| Exercised | — | — | — |
| Forfeited | — | — | — |
| Expired | (31,662) | 7.29 | 2.37 |
| End of the period – June 30, 2022 | 520,565 | $ 18.87 | $ 13.32 |
| Options exercisable | 508,799 | $ 19.17 | $ 13.53 |

A summary of the Company's non-vested options as of June 30, 2022 and December 31, 2021, and changes during the six months ended June 30, 2022, is presented below:

| | Shares | Weighted Average Exercise Price | Weighted Average Fair Value Grant Date |
|---|---|---|---|
| Non-vested – December 31, 2021 | 11,766 | $ 5.71 | $ 4.25 |
| Granted | 13,514 | 6.27 | 3.70 |
| Vested | (13,514) | 6.27 | 3.70 |
| Forfeited | — | — | — |
| Non-vested– June 30, 2022 | 11,766 | $ 5.71 | $ 4.25 |

The above tables include stock options issued and outstanding as of June 30, 2022 as follows:

i. A total of 339,855 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 $75.60 per share. From this total, 127,299 options are held by the Chief Executive Officer, who is also a director. All options issued to directors, officers, and employees, including those issued to our Chief Executive Officer, have a remaining contractual life ranging from 2.77 years to 7.43 years.

ii. A total of 180,710 non-qualified 2 to 10-year options have been issued, and are outstanding, to consultants at exercise prices of $3.82 to $75.60 per share and have a remaining contractual life ranging from 0.86 years to 9.17 years.

As of June 30, 2022, there was approximately $29,000 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 1.74 years. For stock options outstanding at June 30, 2022, the intrinsic value was $61,000.

The following table provides certain information with respect to the above-referenced stock options that were outstanding and exercisable at June 30, 2022:

| | Stock Options Outstanding | | | Stock Options Vested | | |
|---|---|---|---|---|---|---|
| Exercise Prices | 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-$9.00 | 5.76 | 123,069 | $ 4.76 | 5.47 | 111,303 | $ 4.66 |
| $ 9.01-$12.48 | 6.10 | 116,544 | $ 10.80 | 6.10 | 116,544 | $ 10.80 |
| $ 12.49-$24.00 | 4.62 | 195,090 | $ 14.23 | 4.62 | 195,090 | $ 14.23 |
| $ 24.01-$72.00 | 3.22 | 62,771 | $ 55.07 | 3.22 | 62,771 | $ 55.07 |
| $ 72.01-$75.60 | 2.66 | 23,091 | $ 75.59 | 2.66 | 23,091 | $ 75.59 |
| Total | 4.97 | 520,565 | $ 18.87 | 4.88 | 508,799 | $ 19.17 |

***Common Share Issuances***

For the six months ended June 30, 2022 and 2021, the Company issued 4,058 and 5,347 common shares, respectively, to its investor relations firm for services provided during the period.

***Restricted Stock Awards***

On November 18, 2021, the Board of Directors approved an equity grant of 188,588 RSAs, with a grant date fair value of approximately $2.0 million, to all of the Company's employees and two consultants, valued at the stock price on the grant date of $10.69 per share. These RSAs contain a performance-based accelerated vesting provision and a service-based vesting provision, with the service-based vesting provision being one-third vesting on each of the first three anniversaries of the date of grant. As of June 30, 2022 and December 31, 2021, the Company had deemed it not probable that the performance-based vesting provision would be met. These 188,588 shares were included in the total outstanding common shares at June 30, 2022 and December 31, 2021 and compensation expense will be recognized straight line over the three-year vesting period. A total of $0.4 million of compensation expense was recorded for the six months ended June 30, 2022.

Also on November 18, 2021, there was an additional performance-based equity grant of 188,588 RSAs, with a grant date fair value of approximately $2 million, with immediate vesting upon the Company completing a business acquisition in 2022, subject to certain target financial performance metrics. The RSAs were valued at the stock price on the grant date of $10.69 per share. This RSA grant, based on managements' probability assessment of meeting this milestone at June 30, 2022 and December 31, 2021, was not probable of being met and no stock-based compensation expense was recorded for the six months ended June 30, 2022 and for the year ended December 31, 2021. These 188,588 RSAs were not included in the total outstanding common shares, on the accompanying balance sheets and changes in statements of stockholders' equity at June 30, 2022 and December 31, 2021. The Company will reassess the probability of achieving this performance condition at each reporting period in 2022 and record the approximately $2 million as an expense as well as include these performance-based RSAs in the total outstanding common shares, if there is a change to management's assessment that it is probable that this performance-condition will be met.

The following summarizes the Company's RSAs activity:

| | Number of Shares | Weighted Average Grant Date Fair Value |
|---|---|---|
| Total RSAs outstanding at January 1, 2022 | 377,176 | $ 10.69 |
| Total RSAs granted | — | $ — |
| Total RSAs vested | — | $ — |
| Total RSAs forfeited | — | $ — |
| Total unvested RSAs outstanding at June 30, 2022 | 377,176 | $ 10.69 |

Scheduled vesting for outstanding RSAs with service conditions at June 30, 2022 is as follows:

| | Year Ending December 31, | | | |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | Total |
| Scheduled vesting | 62,862 | 62,864 | 62,862 | 188,588 |

As of June 30, 2022, there was approximately $1.6 million of total unrecognized compensation cost related to these unvested RSAs compensation arrangements. The compensation expense will be recognized on a straight-line basis over the three-year vesting period.

The components of total stock-based compensation expense included in the Company's condensed consolidated statements of operations for the three and six months ended June 30, 2022 and 2021 are as follows (dollars in millions):

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| General and administrative expenses | $ 0.2 | $ 0.2 | $ 0.4 | $ 0.2 |
| Total stock-based compensation expense | $ 0.2 | $ 0.2 | $ 0.4 | $ 0.2 |

**Note 7. Related Party Transactions**

On February 9, 2022, the Company entered into an agreement with We Don't Have Time Inc. ("WDHT"), an organization with a social media network platform dealing with the climate crisis, pursuant to which WDHT will provide a variety of climate-change related consulting services to the Company and the Company agreed to pay a monthly membership fee of $1,200 to WDHT through and including December 2022. Dr. Chakraborty, a member of the Company's Board of Directors, is also the President and Executive Board Member of WDHT. For the three months and six-months ended June 30, 2022, the Company incurred $3,600 and $7,200, respectively, in dues paid to WDHT.

In addition, for the three months and six-months ended June 30, 2022, the Company incurred $85,000 and $85,000, respectively, in fees to WDHT to attend two conferences in which the Company participated with WDHT to promote the Company's nuclear fuel.

**Note 8. Subsequent Events**

Sales under the 2021 ATM that were made from July 1, 2022 to July 28, 2022 were approximately 70,000 shares that totaled net proceeds of approximately $0.3 million.

**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 our future operations, including general corporate overhead and outside research and development costs, and continue as a going concern;
- the demand for fuel for nuclear reactors, including small modular reactors (SMRs), and our ability to attract new customers;
- our ability to manage the business effectively in a rapidly evolving market;
- 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;

- uncertainties related to conducting business in foreign countries, including with respect to the Company's intellectual property;
- 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; 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, 2021 and our Quarterly Report for the quarter ended March 31, 2022.

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, as well as those included in our Annual Report on Form 10-K for the year ended December 31, 2021.

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 are based on our management's current expectations, estimates, and projections, which are subject to a number of risks and uncertainties. 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 security 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 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.

We believe our metallic fuel will offer significant economic and safety benefits over traditional nuclear 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 nuclear power industry believe have the potential to generate significant 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. We expect Lightbridge Fuel™ to generate more power in SMRs than traditional nuclear fuels, which will help decarbonize sectors that are now powered by fossil fuels. We expect that our ongoing research and development (R&D) initiatives will be compatible with Lightbridge Fuel™ powering SMRs for multiple purposes. The first SMRs that could use our fuel are expected to begin operations as early as 2028.

We have built a significant portfolio of patents reflecting years of R&D, and we anticipate testing our nuclear fuel through third party vendors and others, including the United States Department of Energy's (DOE) national laboratories. Currently, we are performing the majority of our R&D activities with DOE's national laboratories and are working on additional contracts with them for future scopes of R&D work.

**Development of Lightbridge Fuel™**

***Recent Developments***

In June 2022, Lightbridge Fuel™ was selected to participate in a study led by the Massachusetts Institute of Technology (MIT) to investigate the performance and economics of accident tolerant fuels for light water cooled SMRs. Among other objectives, the project will simulate the fuel and safety performance of Lightbridge Fuel™ in an SMR designed by industry leader NuScale Power and provide a scoping analysis of longer term advanced fuel forms to improve the safety and economics of SMRs. The DOE's Nuclear Energy University Program awarded approximately $800,000 to MIT with the goal of bringing collaborative teams together to solve complex problems to advance nuclear technology and understanding.

DOE awarded us a second voucher from the Gateway for Accelerated Innovation in Nuclear (GAIN) program to support development of Lightbridge Fuel™ in collaboration with 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™. On July 14, 2021, the Company executed a CRADA with the Battelle Memorial Institute, Pacific Northwest Division, the operating contractor of the PNNL, in collaboration with the DOE. The project commenced in the third quarter of 2021 and is expected to be completed in 2022. The total project value is approximately $0.7 million, with three-quarters of this amount provided by DOE for the scope performed by PNNL.

***Growing Importance of Energy Security***

We believe that Russia's invasion of Ukraine has made clear the need for countries to wean off dependency on fossil fuels from countries that can threaten their national security. Oil and natural gas prices have increased significantly since Russia commenced its invasion in early 2022 and many countries have imposed sanctions upon Russia in response. European countries are responding by rethinking their plans for nuclear energy by either keeping existing nuclear power plants running or moving ahead with plans for new plants or both. The United Kingdom is deploying new nuclear power plants. Belgium has decided to reverse its decision to close all of its nuclear plants in the wake of Russia's invasion of Ukraine. It has become clear that a stable domestic energy supply ensures energy security and provides the strongest protection against energy price volatility. Increasingly, policymakers view nuclear energy as critical to a secure energy future.

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

The recent COVID-19 pandemic has continued to impact our business operations for the six months ended June 30, 2022 and 2021. 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 curtailing 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.

We will continue to actively monitor the COVID-19 pandemic 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 year 2022 and beyond.

***Future Potential Collaborations and Other Opportunities***

In the ordinary course of business, we engage in periodic reviews of opportunities to invest in or acquire companies or units within companies to leverage operational synergies and establish new streams of revenue. While no such investments or acquisitions are currently contemplated, we will be opportunistic in this regard and may also partner or contract with entities that could be synergistic to our fuel business or present an attractive stable business and/or growth opportunity in the nuclear space.

## 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 for the year ended December 31, 2021, filed with the SEC on March 31, 2022. There have been no significant changes in our critical accounting policies and estimates during the three and six months ended June 30, 2022.

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 June 30, 2022 and 2021**

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

| | Three months Ended June 30, | | Increase (Decrease) Change $ | Increase (Decrease) Change % |
|---|---|---|---|---|
| | 2022 | 2021 | | |
| **Operating Expenses** | | | | |
| General and administrative | $ 1.4 | $ 1.5 | $ (0.1) | (7)% |
| Research and development | $ 0.2 | $ 0.3 | $ (0.1) | (33)% |
| Total Operating Expenses | $ 1.6 | $ 1.8 | $ (0.2) | (11)% |
| | | | | |
| **Other Operating Income** | | | | |
| Distribution from joint venture | $ — | $ 0.1 | (0.1) | (100)% |
| Contributed services – research and development | $ 0.1 | $ 0.1 | $ — | —% |
| **Total Other Operating Income** | $ 0.1 | $ 0.2 | $ (0.1) | (50)% |
| | | | | |
| **Total Operating Loss** | $ (1.5) | $ (1.6) | $ (0.1) | (6)% |
| | | | | |
| **Other Income** | $ — | $ — | $ — | —% |
| | | | | |
| **Net loss before Income Taxes** | $ (1.5) | $ (1.6) | $ (0.1) | (6)% |
| | | | | |
| **Net Loss** | $ (1.5) | $ (1.6) | $ (0.1) | (6)% |

***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 $0.1 million for the three months ended June 30, 2022, as compared to the three months ended June 30, 2021. This decrease was primarily due to a decrease in consulting fees of approximately $0.1 million and a decrease in professional fees of approximately $0.1 million relating to fees incurred in connection with the arbitration matter that was settled in 2021 that were not repeated during the three months ended June 30, 2022. These decreases were offset by the increases in directors' fees and stock-based compensation expenses 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 and contributed services - research and development for the R&D work performed under the GAIN vouchers.

We are working with the U.S. National Laboratories for research and development activities and are negotiating new contracts for additional future scopes of work in 2022 and beyond. Total R&D expenses decreased by approximately $0.1 million for the three months ended June 30, 2022, as compared to the three months ended June 30, 2021. This decrease was primarily due to a decrease in consulting and outside R&D expenses of approximately $0.1 million.

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. We may have budgetary constraints due primarily to the uncertainty of future liquidity and capital resources available to us to conduct our future R&D activities.

***Other Operating Income***

There was a decrease of $0.1 million in the distribution from joint venture due to the final cash distribution from the dissolved Enfission joint venture that occurred in 2021. There was contributed services - research and development from the GAIN program of approximately $0.1 million, for the three months ended June 30, 2022 and June 30, 2021, with a charge to R&D expenses and a corresponding amount recorded to contributed services - research and development.

**Condensed Consolidated Results of Operations – Six Months Ended June 30, 2022 and 2021**

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

| | Six months Ended June 30, | | Increase (Decrease) Change $ | Increase (Decrease) Change % |
|---|---|---|---|---|
| | 2022 | 2021 | | |
| **Operating Expenses** | | | | |
| General and administrative | $ 3.4 | $ 3.3 | $ 0.1 | 3% |
| Research and development | $ 0.4 | $ 0.6 | $ (0.2) | (33)% |
| Total Operating Expenses | $ 3.8 | $ 3.9 | $ (0.1) | (3)% |
| | | | | |
| **Other Operating Income** | | | | |
| Distribution from joint venture | $ — | $ 0.1 | (0.1) | (100)% |
| Contributed services – research and development | $ 0.2 | $ 0.2 | $ — | —% |
| **Total Other Operating Income** | $ 0.2 | $ 0.3 | $ (0.1) | (33)% |
| | | | | |
| **Total Operating Loss** | $ (3.6) | $ (3.6) | $ — | —% |
| | | | | |
| **Other Income** | $ — | $ — | $ — | —% |
| | | | | |
| **Net loss before Income Taxes** | $ (3.6) | $ (3.6) | $ — | —% |
| | | | | |
| **Net Loss** | $ (3.6) | $ (3.6) | $ — | —% |

***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 increased by approximately $0.1 million for the six months ended June 30, 2022, as compared to the six months ended June 30, 2021. This increase was primarily due to an increase in stock-based compensation of approximately $0.2 million due to the amortization of restricted stock awards issued in 2021, an increase in employee compensation and employee benefits of approximately $0.1 million, an increase in directors' fees of approximately $0.1 million due to the increase of the number of board members, an increase in dues and subscriptions of approximately $0.1 million and an increase in sponsorship fees and promotion fees of approximately $0.1 million due to increased promotion activities. These increases were offset by a decrease in professional fees of approximately $0.5 million relating to fees incurred in connection with the arbitration matter that was settled in 2021 that were not repeated during the six months ended June 30, 2022.

***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 and contributed services - research and development for the R&D work performed under the GAIN vouchers.

Total R&D expenses decreased by approximately $0.2 million for the six months ended June 30, 2022, as compared to the six months ended June 30, 2021. This decrease was primarily due to a decrease in consulting and outside R&D expenses and patents expenses of approximately $0.1 million and a decrease in employee compensation and employee benefits of approximately $0.1 million.

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. We may have budgetary constraints due primarily to the uncertainty of future liquidity and capital resources available to us to conduct our future R&D activities.

***Other Operating Income***

There was a decrease of $0.1 million in the distribution from joint venture due to the final cash distribution from the dissolved Enfission joint venture that occurred in 2021. There was contributed services - research and development from the GAIN program of approximately $0.2 million for the six months ended June 30, 2022 and June 30, 2021, with a charge to R&D expenses and a corresponding amount recorded to contributed services - research and development.

**LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION**

Our cash requirements for future planned operations to develop and commercialize our nuclear fuel, including any additional expenditures that may result from unexpected developments, will require us to raise significant additional capital and receive government support. Our cash requirements are currently projected to be an average of $10 million of outside R&D expenditures per year over the next 10-15 years.

At June 30, 2022, we had cash and cash equivalents of approximately $29.3 million, as compared to approximately $24.7 million at December 31, 2021, an increase of approximately $4.6 million. The Company raised approximately $7.6 million from the sale of approximately 1.2 million shares of common stock during the six months ended June 30, 2022. The Company's net cash used in operating activities for the six months ended June 30, 2022 was approximately $3.1 million and our cash flow projections indicate that we will have continued negative cash flows for the foreseeable future. We are not profitable, and we cannot provide any assurance that we will become profitable in the future. We will continue to incur losses because we are in the early development stage of commercializing our nuclear fuel.

We have approximately $29.4 million of working capital as of the date of this filing. We currently project a negative cash flow from our current operations averaging approximately $1.0 to $1.2 million per month for our general and administrative and R&D expenses, for total expected expenditures of approximately $12 million to $18 million for the next 12 to 15 months. Our cash balance at June 30, 2022 and as of the date of this filing exceeds our anticipated cash requirements for the next 12 months or through the second quarter of 2023. We believe, however, that our actual expenditures may exceed our current available working capital through the second quarter of 2023. There are inherent uncertainties in forecasting future required R&D or other expenditures, as we are currently negotiating fuel development agreements with the DOE's national laboratories and other agreements in the future. Once many of these anticipated agreements are finalized or other future R&D agreements are entered into 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 in the future.

If sufficient funding becomes available to us, our R&D activities may significantly increase in the future. This funding is needed to continue our nuclear 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. We will continue to utilize our ATM (as defined below) to finance our future R&D and corporate activities.

We will also need to receive substantial U.S. government support in the form of grants throughout our nuclear fuel R&D period in order to fund our R&D efforts in the future. If we are unable to obtain government funding that meets our future R&D cash requirements, we will need to seek other funding, which may include the issuance of additional shares of the Company's common stock, 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.

While our available working capital at June 30, 2022 and as of the date of this filing, exceeds our currently anticipated expenditures through the second quarter of 2023, considering the above-mentioned uncertainties and lack of financial resources to fund our long-term fuel development costs, corporate overhead expenses, and future potential collaborations and other opportunities, 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 primary source of cash available to us for the next 12 months, in addition to cash on hand, is the potential funding from equity issuances from our at-the-market (ATM) equity offering sales agreement, as amended, with Stifel, Nicolaus & Company, Incorporated. The Company has an effective shelf registration statement on Form S-3 that was filed with the Securities and Exchange Commission, or 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. We may be limited on the amount of funding available under this Form S-3 shelf registration statement in the future. We filed a prospectus supplement dated April 9, 2021 with the SEC pursuant to which we offered and sold shares of common stock having an aggregate offering price of $9.0 million through our ATM. We filed a second prospectus supplement, dated November 19, 2021, with the SEC pursuant to which we may offer and sell shares of common stock having an aggregate offering price of up to $20.0 million from time to time, through the ATM.

We have no debt or lines of credit and we have financed our operations to date through 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 continue developing our nuclear fuel.

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

As discussed above, we will seek new financing to bring us additional sources of capital, depending on the capital market conditions of our common stock. There can be no assurance that these additional sources of capital will be made available on terms that are acceptable to us, or at all. 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;
- Collaboration with potential industry partners; 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.

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

The Company is not required to provide the information required by this Item as it is a "smaller reporting company," as defined in Rule 12b-2 of the Exchange Act.

**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 June 30, 2022 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.

**Changes in Internal Control Over Financial Reporting**

There were no changes in the Company's internal control over financial reporting during the second quarter of 2022 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. We are currently not aware of any such legal proceedings or claims that we believe, either individually or in the aggregate, will have a material adverse effect on our business, financial condition, or results of operations.

### ITEM 1A. RISK FACTORS

***We rely upon our senior management and other highly skilled personnel, and if we are not successful in retaining or attracting highly qualified personnel, we may not be able to successfully implement our business strategy.***

Our success depends, in significant part, upon our senior management, including Seth Grae, our Chief Executive Officer, Andrey Mushakov, our Executive Vice President - Nuclear Operations, and Larry Goldman, our Chief Financial Officer. Mr. Grae's and Dr. Mushakov's knowledge of the nuclear power industry, their network of key contacts within that industry and in governments and, in particular, their expertise in the potential markets for our technologies, are critical to the implementation of our business strategy. Mr. Grae, Dr. Mushakov, and Mr. Goldman are likely to be significant factors in our future growth and success. Our success also depends on our ability to attract, motivate, develop, and retain a sufficient number of other highly skilled personnel, including consultants, managers, and nuclear engineers. Competition for employees and consultants in the nuclear industry is intense, partially as a result of a recent resurgence in the nuclear industry after decades of relative decline, and we may not be successful in attracting and retaining such personnel. For example, a senior nuclear engineer recently notified the Company of his intent to resign later in 2022, and the Company may be unsuccessful in finding a replacement on comparable terms. In addition, while we intend to partner with other entities in developing and commercializing our nuclear fuel technology, such other entities may also have difficulty in attracting and retaining nuclear engineers and other personnel and may not have adequate resources to dedicate to our joint projects.

The loss of services by any of Mr. Grae, Dr. Mushakov, or Mr. Goldman, or the inability of us or our partners to retain or attract highly skilled personnel, could delay or suspend development and commercialization of our nuclear fuel technology, adversely affect our ability to meet customer needs, or increase our expenses, any of which could have a material adverse effect on our business, results of operations or financial condition.

There have been no other material changes to our risk factors from the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2021 and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2022.

### 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 -**

| Exhibit Number | Description |
|---|---|
| 31.1 | Rule 13a-14(a)/15d-14(a) Certification - Principal Executive Officer |
| 31.2 | Rule 13a-14(a)/15d-14(a) Certification - Principal Financial Accounting Officer |
| 32 | Section 1350 Certifications |
| 101 | Interactive data files pursuant to Rule 405 of Regulation S-T. |
| 101.INS | Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document). |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document. |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document. |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document. |
| 101.LAB | Inline XBRL Taxonomy Extension Labels Linkbase Document. |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document. |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101). |

**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: July 28, 2022

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)

**EXHIBIT 31.1**

**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 condensed 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: July 28, 2022

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

**EXHIBIT 31.2**

**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 condensed 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: July 28, 2022

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

**EXHIBIT 32**

**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 June 30, 2022, 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: July 28, 2022

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)