UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

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

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

For the transition period from _____________ to _____________

Commission File Number: **001-34487**

LIGHTBRIDGE CORPORATION

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes [X]   No [ ]

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

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

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

The number of shares outstanding of each of the issuer s classes of common equity, as of August 3, 2015 is as follows:

Class of Securities	Shares Outstanding
Common Stock, $0.001 par value	18,082,874

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

PART I FINANCIAL INFORMATION

Lightbridge Corporation
Condensed Consolidated Balance Sheets

		June 30, 2015 (Unaudited)		December 31, 2014
ASSETS				
Current Assets				
Cash and cash equivalents	$	2,371,266	$	4,220,225
Restricted cash		325,505		325,181
Accounts receivable - project revenue and reimbursable project costs		247,144		469,086
Prepaid expenses and other current assets		203,795		205,184
Total Current Assets		3,147,710		5,219,676
Property Plant and Equipment -net		-		-
Other Assets				
Patent costs		883,775		833,560
Total Assets	$	**4,031,485**	$	**6,053,236**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities	$	452,571	$	653,668
Total Current Liabilities		452,571		653,668
Commitments and contingencies - note 5				
Stockholders' Equity				
Preferred stock, $0.001 par value, 50,000,000 authorized shares, no shares issued and outstanding		-		-
Common stock, $0.001 par value, 500,000,000 authorized, 18,082,874 shares outstanding at June 30, 2015 and December 31, 2014		18,083		18,083
Additional paid-in capital - stock and stock equivalents		82,016,278		81,276,339
Accumulated Deficit		(78,455,447)		(75,894,854)
Total Stockholders' Equity		3,578,914		5,399,568
Total Liabilities and Stockholders' Equity	$	**4,031,485**	$	**6,053,236**

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

Lightbridge Corporation
Unaudited Condensed Consolidated Statements of Operations

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Revenue:				
Consulting Revenue	$ 298,162	$ 349,131	$ 422,057	$ 603,238
Cost of Consulting Services Provided	275,662	230,974	333,054	355,986
Gross Margin	22,500	118,157	89,003	247,252
Operating Expenses				
General and administrative	1,108,807	1,149,420	2,039,100	2,280,839
Research and development expenses	394,715	624,448	607,545	1,056,434
Total Operating Expenses	1,503,522	1,773,868	2,646,645	3,337,273
Operating Loss	(1,481,022)	(1,655,711)	(2,557,642)	(3,090,021)
Other Income and (Expenses)				
Investment income	163	603	323	991
Other income (expenses)	(762)	-	(3,274)	-
Total Other Income and (Expenses)	(599)	603	(2,951)	991
Net loss before income taxes	(1,481,621)	(1,655,108)	(2,560,593)	(3,089,030)
Income taxes	-	-	-	-
Net loss	$ (1,481,621)	$ (1,655,108)	$ (2,560,593)	$ (3,089,030)
Net Loss Per Common Share, Basic and Diluted	$ (0.08)	$ (0.11)	$ (0.14)	$ (0.21)
Weighted Average Number of Shares Outstanding	18,082,874	15,067,885	18,082,874	15,063,052

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

Lightbridge Corporation
Unaudited Condensed Consolidated Statements of Cash Flows

	Six Months Ended June 30, 2015		2014
Cash Flows from Operating Activities:			
Net Loss	$ (2,560,593)		$ (3,089,030)
Adjustments to reconcile net loss from operations to net cash used in operating activities:			
Stock-based compensation	782,036		125,297
Loss on marketable securities	-		(792)
Changes in non-cash operating working capital items:			
Accounts receivable - fees and reimbursable project costs	221,942		17,685
Prepaid expenses and other assets	1,389		(50,203)
Accounts payable and accrued liabilities	(201,097)		378,220
Net Cash Used In Operating Activities	(1,756,323)		(2,618,823)
Cash Flows from Investing Activities:			
Payments for Patent costs	(50,215)		(65,546)
Net Cash Used In Investing Activities	(50,215)		(65,546)
Cash Flows from Financing Activities:			
Payments for Stock offering costs	(42,097)		-
Restricted cash	(324)		(554)
Net Cash Used In Financing Activities	(42,421)		(554)
Net Decrease In Cash and Cash Equivalents	(1,848,959)		(2,684,923)
Cash and Cash Equivalents, Beginning of Period	4,220,225		3,672,877
Cash and Cash Equivalents, End of Period	$ 2,371,266		$ 987,954
Supplemental Disclosure of Cash Flow Information:			
Cash paid during the year:			
Interest	$ -		$ -
Income taxes	$ -		$ -

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

LIGHTBRIDGE CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Basis of presentation

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

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

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

Technology Business Segment

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

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

On October 20, 2014, we announced the signing of an initial cooperation agreement with Canadian Nuclear Laboratories (CNL), formerly known as Atomic Energy of Canada Limited-Chalk River Laboratories, for fabrication of Lightbridge's patented next generation metallic nuclear fuel samples. Our plan is to work with CNL on fabrication of our fuel samples at their Chalk River facilities in Canada, with full irradiation of the fabricated fuel samples to be performed separately in a pressurized water loop of the Halden research reactor located in Halden, Norway.

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

Consulting Business Segment

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

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

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

Accounting Policies and Pronouncements

Basis of Consolidation

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

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

Certain Risks, Uncertainties and Concentrations

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

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

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

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

Approximately 60% and 80% of the total revenues reported for the three months ended June 30, 2015 and 2014, respectively, were from the ENEC and FANR contracts. The ENEC and FANR contracts were approximately 60% and substantially all of our consulting revenues for the six months ended June 30, 2015 and 2014, respectively. Contracts with one other customer constituted approximately 40% and 20% of the total revenues reported for the three months ended June 30, 2015 and 2014, respectively, and approximately 40% and 20% of the total revenues reported for the six months ended June 30, 2015 and 2014, respectively.

Revenue Recognition

Consulting Business Segment

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

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

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

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

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

Technology Business Segment

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

Stock-Based Compensation

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

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

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

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

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

Cash and Cash Equivalents and Restricted Cash

We invest our excess cash in money market mutual funds. We classify all highly liquid investments with stated maturities of three months or less from date of purchase as cash equivalents and all highly liquid investments with stated maturities of greater than three months as marketable securities. We hold cash balances in excess of the federally insured limits of $250,000 with one prominent financial institution. We deem this credit risk not to be significant as our cash is held by a major prominent financial institution. Total cash and cash equivalents held in checking accounts and a money market core cash account, as reported on the accompanying consolidated condensed balance sheets, totaled approximately $2.4 million and $4.2 million at June 30, 2015 and December 31, 2014, respectively.

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

Trade Accounts Receivable

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

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

Foreign Currency

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

Patents and Legal Costs

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

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

Impairment of long-lived assets

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

Research, Development and Related Expenses

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

Segment Reporting

We use the management approach in determining reportable operating segments. The management approach considers the internal organization and reporting used by our chief decision makers for making operating decisions and assessing performance, as the source for determining our reportable segments. We have determined that we have two operating segments as defined by the FASB accounting pronouncement, *Disclosures about Segments of an Enterprise and Related Information*. As discussed above, our two reporting business segments are our technology business and our consulting services business (See Note 8 - Business Segment Results).

Recent Accounting Pronouncements

Revenue Recognition

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

Going Concern

In August 2014, FASB issued guidance that requires management to perform interim and annual assessments of an entity s ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity s ability to continue as a going concern. The updated accounting guidance will be effective for the Company on January 1, 2017, and early adoption is permitted. The Company will evaluate the going concern considerations in this guidance upon adoption.

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

Note 2. Net Loss Per Share

Basic net loss per share is computed using the weighted-average number of common shares outstanding during the period except that it does not include unvested common shares subject to repurchase or cancellation. Diluted net income per share is computed using the weighted-average number of common shares and, if dilutive, potential common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options, warrants, restricted shares, and unvested common shares subject to repurchase or cancellation. The dilutive effect of outstanding stock options, restricted shares, and warrants (see note 7) is not reflected in diluted earnings per share because we incurred net losses for the three months and six months ended June 30, 2015 and 2014, and the effect of including these potential common shares in the diluted earnings per share calculations would be anti-dilutive and are therefore not included in the calculations.

Note 3. Accounts Receivable Project Revenue and Reimbursable Project Costs

FANR and ENEC Projects

The total accounts receivable from both the FANR and ENEC contracts was approximately $0.2 million and $0.5 million at June 30, 2015 and December 31, 2014, respectively. These amounts due from FANR and ENEC represent 66% of the accounts receivable reported at June 30, 2015 and 92% of the accounts receivable at December 31, 2014.

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

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

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

Note 4. Accounts Payable and Accrued Liabilities

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

		June 30, 2015		December 31, 2014
Trade payables	$	0.2	$	0.3
Accrued expenses and other		0.3		0.4
Total	$	0. 5	$	0.7

Note 5. Commitments and Contingencies

Operating Leases

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

Total rent expense was approximately $0.1 million for the three months ended June 30, 2015 and 2014. Total rent expense was approximately $0.2 million for the six months ended June 30, 2015 and 2014.

Litigation

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

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

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

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

Note 6. Research and Development Costs

Research and development costs, included in the accompanying condensed consolidated statements of operations amounted to approximately $0.4 million and $0.6 million for the three months ended June 30, 2015 and 2014, respectively. Research and development costs, amounted to approximately $0.6 million and $1.1 million for the six months ended June 30, 2015 and 2014, respectively. We are in process of winding down our Moscow office operations, that we expect to be completed in 2015 and will focus our research and development work primarily in the United States, Canada, and Norway. There were no accrued liabilities related to the winding down of our Moscow office at June 30, 2015.

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

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

Note 7. Stockholders Equity

At June 30, 2015 and December 31, 2014, there are 500,000,000 shares of authorized common stock. Total common stock outstanding at June 30, 2015 and December 31, 2014 was 18,082,874 shares. At June 30, 2015, there were 4,886,764 stock warrants and 3,245,213 stock options outstanding, totaling 26,214,851 of total stock and stock equivalents outstanding at June 30, 2015.

At June 30, 2014 there are 500,000,000 shares of authorized common stock. Total common stock outstanding at June 30, 2014 was 15,071,536 shares. At June 30, 2014, there were 2,284,996 stock warrants and 2,143,686 stock options outstanding, all totaling 19,500,218 of total stock and stock equivalents outstanding at June 30, 2014.

<u>ATM Offering</u>

On June 11, 2015, the Company entered into an at-the-market issuance (ATM) sales agreement with MLV & Co. LLC ("MLV"), pursuant to which the Company may issue and sell shares of its common stock from time to time through MLV as the Company's sales agent. The issuance and sale of shares by the Company under the sales agreement are registered shares under the Company's shelf registration statement on Form S-3, as filed with the Securities and Exchange Commission on June 11, 2015 and declared effective by the Securities and Exchange Commission. There have been no stock sales made through the ATM for the period ended June 30, 2015 and up through the date of the issuance of these condensed consolidated financial statements.

Registered Direct Offering and Outstanding Warrants

November 12, 2014 Offering

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

We received net proceeds of approximately $4.5 million after payment of certain fees and expenses related to the Offering. The allocation of the proceeds from the offering, based on the relative fair value of the common stock and the warrants, resulted in the allocation of approximately $2.7 million of the net proceeds to the common stock sold and approximately $1.8 million of the net proceeds to the warrants, which was recorded to additional paid-in capital-stock and stock equivalents.

The value of the warrants issued was calculated by using the Black Scholes Valuation Model using the following assumptions: volatility 67%; risk-free interest rate of 2.07%; dividend yield of 0%, and expected term of 7.5 years. The volatility of the Company s common stock was estimated by management based on the historical volatility of the trading history of the Company s common stock. The risk-free interest rate was based on the Treasury Constant Maturity Rates published by the U.S. Federal Reserve for periods applicable to the expected life of the warrants. The expected dividend yield was based on the Company s current and expected dividend policy and the expected term is equal to the contractual life of the warrants. All 2,734,590 of these warrants remained outstanding as of June 30, 2015.

Outstanding Warrants

	June 30, 2015	June 30, 2014
Issued to Investors on July 28,2010, entitling the holders to purchase 1,034,996 common shares in the Company at an exercise price of $9.00 per common share up to and including July 27, 2017	1,034,996	1,034,996
Issued to Investors on October 25, 2013, entitling the holders to purchase 1,250,000 common shares in the Company at an exercise price of $2.30 per common share up to and including April 24, 2021	1,117,178	1,250,000
Issued to Investors on November 17, 2014, entitling the holders to purchase 2,734,590 common shares in the Company at an exercise price of $2.31 per common share up to and including May 16, 2022	2,734,590	-
Total	4,886,764	2,284,996

Exercise of Warrants   Q3-2014

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

Stock-based Compensation   Stock Options and Restricted Stock

Stock Plan

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

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

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

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

Total stock options outstanding at June 30, 2015 and December 31, 2014, were 3,245,213 and 2,026,564, of which 2,312,149 and 1,564,257 of these options were vested at June 30, 2015 and December 31, 2014, respectively. Stock option expense was approximately $700,000 and $65,000 for the three months ended June 30, 2015 and 2014, respectively. Stock option expense was approximately $782,000 and $105,000 for the six months ended June 30, 2015 and 2014, respectively.

2015 Short-Term Non-Qualified Option Grants

On April 8, 2015, the Compensation Committee and the Board of Directors granted short term non-qualified stock options totaling 463,192 and 148,845 stock options under the 2006 Stock Plan and the 2015 Equity Incentive Plan, respectively, to employees and consultants of the Company. On April 9, 2015, the Compensation Committee and the Board of Directors granted an additional 47,017 and 3,968 stock options under the 2006 Stock Plan and the 2015 Equity Incentive Plan, respectively, all with a strike price of $1.26. Also granted under the 2006 Stock Plan were 2,981, 1,775, and 1,310 non-qualified stock options on April 30, May 31, and June 30, 2015, respectively, as equity compensation in lieu of cash payroll with strike prices ranging from $1.12 to $1.23. These stock options vested immediately but the grants under the 2015 Equity Incentive Plan were only exercisable upon ratification of the Plan at the annual meeting of shareholders which took place on July 14, 2015. These stock options have an expected life of 5 years, and a contractual term of 10 years, a fair market value of between $0.76 and $0.86 per stock option, a risk free rate ranging between 1.37% to 1.63%, and volatility ranging between 86% to 88%, as measured on the grant date. The expected option term was calculated using the simplified method as we do not have sufficient historical option data to provide a better estimate of the expected option term. Under this method, the weighted-average expected life is presumed to be the average of the vesting term and the contractual term of the option, which results in a reduction of the estimated option value and consequently the stock option expense. The risk free rate was based on the US Treasury Yield Curve for the expected life of the options on the grant date. Expected dividends are estimated at $0.0, as we have never issued dividends and we have no current plans to issue dividends in the future.

2015 Long-Term Incentive Option Grants

Employees and Consultants Option Grants

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

Director Option Grants

On April 8, 2015, the Compensation Committee and the Board of Directors granted 112,996 long term non-qualified stock options under the 2015 Equity Incentive Plan to the Board of Directors of the Company. These stock options fully vest on the first annual anniversary date of the grant. These stock options have a strike price of $1.26, which was the closing price of the Company s stock on the prior business day, and the stock options have a fair market value of $0.88, based on a risk free rate of 1.46%, volatility of 86%, and an expected life of 5.5 years. The expected life is calculated using the simplified method as we do not have any history to provide a better estimate of the expected option term. These options have a 10 year contractual term. The risk free rate was based on the US Treasury Yield Curve for the expected life of the options on the grant date. Expected dividends are estimated at $0.0, as we have never issued dividends and we have no current plans to issue dividends in the future. Grants to our consultants were re-measured as of June 30, 2015, and the fair market value of each option was $0.81 on the measurement date. This re-measured stock option expense for options issued to consultants was not significant. We estimated future pre-vest forfeitures to be 1.5%, based on historical information.

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2014 Stock Option Grants

On May 5, 2014, we granted 579,429 stock options to our employees, directors, and consultants. These stock options vest over three years for employees and consultants, and over one year for our directors. The fair market value of each option was $1.79 on the grant date, based on (1) The strike price of $2.55, the price of our stock at the close of the market on the grant date; (2) The expected life of the grant of 5 years which is equal to the term of the grant, as historically grants have only been exercised just before the term expires; (3) The risk free rate of 1.68% which is based on the treasury yield curve for a 5 year term as published by the U.S. Treasury for the grant date; (4) Volatility of 90.44%, as measured based on the expected life of the options, and (5) Expected dividends of $0.0, as we have never issued dividends and we have no current plans to issue dividends in the future. Grants to our consultants were re-measured as of June 30, 2015, and the fair market value of each option was $0.58 on the measurement date. We estimated future pre-vest forfeitures to be 1.5%, based on historical information.

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

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value
Beginning of the period	2,026,564	$ 9.19	$