

CLEARSIGN COMBUSTION CORP
Form 424B3
November 08, 2012

Filed Pursuant to Rule 424(b)(3)

File Number 333-177946

Prospectus Supplement

(To prospectus dated April 24, 2012)

CLEARSIGN COMBUSTION CORPORATION

454,545 Shares of Common Stock

\$0.0001 par value

This Prospectus Supplement supplements and amends the prospectus dated April 24, 2012 (the "Final Prospectus"). This Prospectus Supplement should be read in conjunction with the Final Prospectus and may not be utilized without the Final Prospectus.

Attached hereto is a Quarterly Report on Form 10-Q which ClearSign Combustion Corporation (the "Company") filed with the Securities and Exchange Commission on November 8, 2012.

INVESTING IN OUR COMMON STOCK INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" BEGINNING ON PAGE 7 OF THE FINAL PROSPECTUS FOR A DISCUSSION OF CERTAIN FACTORS THAT YOU SHOULD CONSIDER IN CONNECTION WITH AN INVESTMENT IN OUR SECURITIES.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement is November 8, 2012.

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 September 30, 2012

OR

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 001-35521

CLEARSIGN COMBUSTION CORPORATION

(Exact name of registrant as specified in its charter)

WASHINGTON
(State or other jurisdiction of

26-2056298

(I.R.S. Employer

(incorporation or organization) Identification No.)

12870 Interurban Avenue South

Seattle, Washington 98168

(Address of principal executive offices)

(Zip Code)

(206) 673-4848

(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 Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate 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 than the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer," and "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(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

As of November 8, 2012 the issuer has 8,752,015 shares of common stock, par value \$.0001, issued and outstanding.

TABLE OF CONTENTS

PART I FINANCIAL INFORMATION

Item 1. Condensed Financial Statements

Balance Sheets as of September 30, 2012 and December 31, 2011(Unaudited)	2
Statements of Operations for the three and nine months ended September 30, 2012 and 2011 and from Inception (January 23, 2008) to September 30, 2012 (Unaudited)	3
Statement of Stockholders' Equity from Inception (January 23, 2008) to September 30, 2012 (Unaudited)	4
Statements of Cash Flows for the nine months ended September 30, 2012 and 2011 and from Inception (January 23, 2008) to September 30, 2012 (Unaudited)	5
Notes to Unaudited Condensed Financial Statements	6

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation 13

Item 3. Quantitative and Qualitative Disclosures About Market Risk 17

Item 4. Controls and Procedures 17

PART II OTHER INFORMATION

Item 1. Legal Proceedings 17

Item 1A. Risk Factors 17

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds 17

Item 3. Defaults Upon Senior Securities 17

Item 4. Mine Safety Disclosures 17

Item 5. Other Information 18

Item 6. Exhibits 19

SIGNATURES 20

PART I-FINANCIAL INFORMATION**ITEM 1****ClearSign Combustion Corporation****(a Development Stage Company)****Condensed Balance Sheets****(Unaudited)**

	September 30, 2012	December 31, 2011
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 9,640,327	\$ 929,962
Prepaid expenses	169,540	436,962
Total current assets	9,809,867	1,366,924
Fixed assets, net	388,577	162,173
Patents and other intangible assets	327,896	86,546
Other assets	10,512	20,512
Total Assets	\$ 10,536,852	\$ 1,636,155
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current Liabilities:		
Accounts payable	\$ 158,227	\$ 442,697
Promissory note	-	47,667
Accrued compensation	555,439	253,899
Total current liabilities	713,666	744,263
Deferred rent	35,147	17,475
Total liabilities	748,813	761,738
Commitments and Contingencies		
Stockholders' Equity:		
Preferred stock, \$0.0001 par value, zero shares issued and outstanding	-	-
	876	516

Edgar Filing: CLEARSIGN COMBUSTION CORP - Form 424B3

Common stock, \$0.0001 par value, 8,752,015 and 5,153,216 shares issued and outstanding at September 30, 2012 and December 31, 2011, respectively		
Additional paid-in capital	17,294,051	5,364,139
Deficit accumulated in the development stage	(7,506,888)	(4,490,238)
Total stockholders' equity	9,788,039	874,417
Total Liabilities and Stockholders' Equity	\$ 10,536,852	\$ 1,636,155

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

ClearSign Combustion Corporation**(a Development Stage Company)****Condensed Statements of Operations****(Unaudited)**

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Period from Inception (January 23, 2008) to September 30, 2012
	2012	2011	2012	2011	
Operating expenses:					
Research and development	\$ 331,485	\$ 193,742	\$ 887,039	\$ 313,880	\$ 1,410,996
General and administrative	810,557	598,886	2,144,650	2,078,215	6,114,566
Total operating expenses	1,142,042	792,628	3,031,689	2,392,095	7,525,562
Loss from operations	(1,142,042)	(792,628)	(3,031,689)	(2,392,095)	(7,525,562)
Other income (expense):					
Interest income	9,822	1,469	16,378	2,514	20,171
Interest expense	-	-	(1,339)	-	(1,497)
Total other income (expense)	9,822	1,469	15,039	2,514	18,674
Net Loss	\$ (1,132,220)	\$ (791,159)	\$ (3,016,650)	\$ (2,389,581)	\$ (7,506,888)
Net Loss per share - basic and fully diluted	\$ (0.13)	\$ (0.16)	\$ (0.42)	\$ (0.57)	\$ (2.14)
Weighted average number of					

shares outstanding - basic and fully diluted	8,752,015	4,976,199	7,209,133	4,195,165	3,506,521
--	-----------	-----------	-----------	-----------	-----------

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

ClearSign Combustion Corporation**(a Development Stage Company)****Condensed Statement of Stockholders' Equity****(Unaudited)****For the period from Inception (January 23, 2008) to September 30, 2012**

	Common Stock		Common Stock Class B		Additional Paid-In Capital	Deficit Accumulated in the Development Stage	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Shares issued to founders, at no cost	1,065,000	\$ 107	476,000	\$ 48	\$ 33,045	\$ -	\$ 33,200
Shares issued for services (\$0.02 per share)	125,000	13	-	-	2,487	-	2,500
Shares issued for cash (\$0.02 per share)	-	-	384,000	38	9,562	-	9,600
Shares issued for cash (\$1.80 per share)	467,310	45	-	-	841,106	-	841,151
Shares issued for cash (\$2.20 per share)	1,363,364	137	-	-	2,999,237	-	2,999,374
Issuance costs	-	-	-	-	(813,168)	-	(813,168)
Share based payments of warrants	-	-	-	-	111,976	-	111,976
Shares issued for services (\$1.80 per share)	146,644	14	-	-	263,943	-	263,957
Shares issued for services (\$2.20 per share)	733,523	73	-	-	1,613,671	-	1,613,744
Conversion of shares	1,075,000	108	(860,000)	(86)	(22)	-	-
Share based compensation	177,375	19	-	-	302,302	-	302,321
Net loss	-	-	-	-	-	-	-