LIGHTBRIDGE Corp
Form 10-Q
November 10, 2010

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: September 30, 2010

¨ 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: 000-28543

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)

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 ¨ 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 ¨ (Do not check if a smaller reporting company) Smaller reporting company x

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 November 10, 2010 is as follows:

Class of Securities	Shares Outstanding
Common Stock, $0.001 par value	12,335,481

Transitional Small Business Disclosure Format (check one): Yes ¨ No x

ITEM 1. FINANCIAL STATEMENTS

LIGHTBRIDGE CORPORATION

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 AND 2009

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Lightbridge Corporation
Condensed Consolidated Balance Sheets

	September 2010 (Unaudited)	December 31, 2009
ASSETS		
Current Assets		
Cash and cash equivalents	$ 3,569,526	$ 3,028,791
Marketable securities	10,429,252	0
Restricted cash	263,619	652,174
Accounts receivable - project revenue and reimbursable project costs	1,271,360	2,421,088
Prepaid expenses & other current assets	528,635	574,095
Total Current Assets	16,062,392	6,676,148
Property Plant and Equipment -net	79,343	97,559
Other Assets		
Patent costs - net	289,561	241,845
Security deposits	120,486	120,486
Total Other Assets	410,047	362,331
Total Assets	$ 16,551,782	$ 7,136,038
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,634,889	$ 2,162,221
Total Liabilities	1,634,889	2,162,221
Commitments and contingencies		
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, 12,419,967 shares issued, 12,334,018 shares outstanding at September 30, 2010 and 10,168,412 shares issued and outstanding at December 31, 2009	12,334	10,168
Additional paid in capital - stock and stock equivalents	68,917,377	53,652,185
Deficit	(54,082,318)	(48,723,286)
Common stock reserved for issuance, 10,087 shares and 5,721 shares at September 30, 2010 and December 31, 2009, respectively	69,500	34,750
Total Stockholders' Equity	14,916,893	4,973,817
Total Liabilities and Stockholders' Equity	$ 16,551,782	$ 7,136,038

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

Lightbridge Corporation
Unaudited Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Revenue:				
Consulting Revenue	$ 2,050,456	$ 2,009,548	$ 6,411,883	$ 8,384,086
Cost of Consulting Services Provided	1,255,877	1,289,552	4,024,275	4,926,916
Gross Margin	794,579	719,996	2,387,608	3,457,170
Operating Expenses				
General and administrative	1,942,132	2,686,165	6,642,487	7,291,426
Research and development expenses	562,783	325,044	1,142,043	1,337,961
Total Operating Expenses	2,504,915	3,011,209	7,784,530	8,629,387
Operating loss	(1,710,336)	(2,291,213)	(5,396,922)	(5,172,217)
Other Income and (Expenses)				
Interest income	3,809	5,197	4,857	21,717
Other	35,563	(907)	33,033	(5,834)
Total Other Income and Expenses	39,372	4,290	37,890	15,883
Net loss before income taxes	(1,670,964)	(2,286,923)	(5,359,032)	(5,156,334)
Income taxes	0	0	0	0
Net loss	$ (1,670,964)	$ (2,286,923)	$ (5,359,032)	$ (5,156,334)
Net Loss Per Common Share, Basic and diluted	$ (0.14)	$ (0.23)	$ (0.50)	$ (0.51)
Weighted Average Number of shares outstanding for the period used to compute per share data - (prior reporting period restated to reflect 1 for 30 reverse stock split)	11,703,932	10,140,767	10,730,225	9,987,178

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

Lightbridge Corporation
Unaudited Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Operating Activities:		
Net Loss	$ (5,359,032)	$ (5,156,334)
Adjustments to reconcile net loss from operations to net cash used in operating activities:		
Stock based compensation	2,259,348	3,694,604
Depreciation and amortization	18,216	20,084
Unrealized gain on marketable securities	(38,638)	0
Changes in non-cash operating working capital items:		
Accounts receivable - fees and reimburseable project costs	1,149,728	3,287,683
Prepaid expenses and other current assets	45,460	(458,098)
Accounts payable, accrued liabilities and other current liabilities	176,405	(3,057,656)
Net Cash Used In Operating Activities	(1,748,513)	(1,669,717)
Investing Activities:		
Marketable securities	(10,390,614)	0
Property and equipment	0	(13,102)
Patent costs	(47,716)	(23,970)
Net Cash Used In Investing Activities	(10,438,330)	(37,072)
Financing Activities:		
Proceeds from the issuance of common stock - net of offering costs	12,582,575	0
Redemption of common stock into treasury stock	(243,552)	0
Restricted cash	388,555	(1,409)
Net Cash Provided by (Used In) Financing Activities	12,727,578	(1,409)
Net Increase (Decrease) In Cash and Cash Equivalents	540,735	(1,708,198)
Cash and Cash Equivalents, Beginning of Period	3,028,791	5,580,244
Cash and Cash Equivalents, End of Period	$ 3,569,526	$ 3,872,046
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year:		
Interest paid	$ 0	$ 0
Income taxes paid	$ 0	$ 266,000
Non-Cash Financing Activity		
Retirement of Treasury Stock	$ 243,552	$ 0
Grant of Common Stock for Payment of Accrued Liabilities	$ 703,737	$ 0

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

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Lightbridge Corporation
Unaudited Condensed Consolidated Statements of Changes in Stockholders' Equity
For the Nine Months Ended September 30, 2010 (Unaudited) and Year Ended December 31, 2009

	Common Stock		Additional Paid-in		Stock Committed Future	Deferred Stock	Stockholders'
	Shares	Amount	Capital	Deficit	Issuance	Compensation	Equity
Balance - December 31, 2008	10,049,769	$ 10,050	$ 48,898,894	$ (41,489,974)	$ 114,787	$ (225,959)	$ 7,307,798
Stock-based compensation			4,483,735		139,000	226,252	4,848,987
Net loss for the year				(7,233,312)			(7,233,312)
Shares issued - non cash	108,026	108	675,722		(219,037)	(456,793)	0
Shares issued - cash (options exercised)	10,617	10	50,334				50,344
Balance - December 31, 2009 - originally reported	10,168,412	10,168	54,108,685	(48,723,286)	34,750	(456,500)	4,973,817
Reclassification of deferred compensation to additional paid-in capital			(456,500)			456,500	
Balance - December 31, 2009 - reclassfied	10,168,412	10,168	53,652,185	(48,723,286)	34,750	0	4,973,817
Stock-based compensation	65,280	66	2,224,532		34,750		2,259,348
Shares issued - options exercised and stock redeemed and retired	30,334	30	460,155				460,185
Net loss for the period				(5,359,032)			(5,359,032)
Shares issued - registered direct offering - net of offering costs	2,069,992	2,070	12,580,505				12,582,575
Balance - September 30, 2010	12,334,018	$ 12,334	$ 68,917,377	$ (54,082,318)	$ 69,500	$ 0	14,916,893

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

Lightbridge Corporation
Notes to Unaudited Condensed Consolidated Financial Statements
For the Nine Months Ended September 30, 2010 and 2009

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Basis of presentation

The accompanying unaudited condensed consolidated financial statements of the 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, 2009, included in our Annual Report on Form 10-K for the year ended December 31, 2009.

In the opinion of the management of the Company, all adjustments, which are of a normal recurring nature, necessary for a fair statement of the results for the three-month period have been made. Results for the interim 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.

Nature of operations

Our subsidiary, Thorium Power Inc., or TPI, was incorporated in the state of Delaware on January 8, 1992. On February 14, 2006, Lightbridge Corporation entered into an agreement and plan of merger with TPI. On October 6, 2006 Lightbridge Corporation acquired TPI through a merger transaction pursuant to the agreement and plan of merger. On September 29, 2009 we changed our name from Thorium Power, Ltd. to Lightbridge Corporation and we effected a 1-for-30 reverse stock split of our common stock.

We are now engaged in two business segments. The first business segment is the development, promotion and marketing of our patented advanced nuclear fuel designs for existing and new light water reactors. Currently, we have two primary fuel product families in the development stage: (1) All-metal fuel technology based on a uranium-zirconium alloy that has a potential to increase power output by up to 30% per reactor, reduce initial capital cost per megawatt and annual operating costs per kilowatt-hour, and reduce the volume of spent fuel per kilowatt-hour compared to reactors operating on conventional uranium oxide fuel, and (2) Thorium-based fuel technology based on a seed-and-blanket fuel assembly configuration that provides enhanced proliferation resistance, reduced volume and long-term radio-toxicity of spent fuel, and other benefits.

Within the all-metal fuel product family, most of our research and development work to-date has been focused on Western-type pressurized water reactors (PWRs). However, while we have not yet studied in sufficient detail its application to other reactor types, we expect that the all-metal fuel's benefits seen in PWRs could also potentially apply to boiling water reactors (BWRs) as well as small modular reactors. We also believe that the all-metal fuel technology can be synergistic with future fast reactor fuel designs currently under development.

One of the key benefits of our designed all-metal fuel technology is a potential increase of up to 30% in power output per reactor compared to reactors using standard oxide nuclear fuel. This increased power output is expected to lower the initial capital cost per megawatt and annual operating costs per kilowatt-hour which we believe would strengthen the economics of nuclear power versus other forms of power generation. In addition, currently operating light water reactors could also take advantage of this increased power output by switching to our all-metal fuel design as part of a power uprate process. An actual power uprate level is expected to be determined based on results of a cost/benefit analysis as some major reactor modifications may be required to accommodate power uprates above a certain level.

Our all-metal fuel design is expected to provide a proliferation resistant fuel cycle and result in up to 23% less volume of used fuel per kilowatt-hour of electricity generated. It is also expected to have improved fuel operation compared to standard oxide fuel.

Within the thorium-based fuel product family, we currently have three types, or variants, of thorium-based fuel designs in various stages of development. The first is designed to provide reactor owners/operators with a proliferation resistant fuel technology that will not generate weapons-usable plutonium in the spent fuel. The second is designed to dispose of reactor-grade plutonium that has been extracted from spent fuel from commercial reactors and stockpiled in Russia, Western Europe, the U.S., Japan, and other countries. The third is designed to dispose of weapons-grade plutonium that is stockpiled in Russia and the United States. All three of these fuel variants are expected to have additional benefits, including reduced volume and reduced long-term radio-toxicity of spent fuel for the same amount of electricity generated, as compared with the uranium fuels that are currently used in light water reactors. To-date, our focus has been on the first variant.

Lightbridge Corporation
Notes to Unaudited Condensed Consolidated Financial Statements
For the Nine Months Ended September 30, 2010 and 2009

From our U.S. and Moscow offices, we are working with our US partners, Texas A&M University and Idaho National Laboratory, and Russian nuclear research institutes on testing and demonstration of our metallic fuel rods in a test reactor environment as a key step toward a full-scale demonstration in a Western commercial reactor.

Once our nuclear fuel designs are further developed and tested, we plan to license our intellectual property rights to fuel fabricators, nuclear generators, and governments for use in commercial light water nuclear reactors, or sell the technology to a major nuclear company or government contractor, or some combination of the two. We anticipate having the final design of our fuel technology for our all-metal fuel design and commencing the demonstration of our fuel in an operating commercial reactor within the next five to six years. Presently most of our research, testing and demonstration activities are being conducted in Russia. Our research operations are subject to various political, economic, and other risks and uncertainties inherent in Russia.

On August 3, 2009, we entered into two agreements with AREVA regarding our fuel technology business. The first was an Agreement for Consulting Services, or Consulting Agreement, pursuant to which we conducted the first phase of an investigation of specific topics of thorium fuel cycles in AREVA's light water reactors, or LWRs. This first phase primarily focused on providing initial general results relating to evolutionary approaches to the use of thorium in AREVA's LWRs, specifically within AREVA's Evolutionary Power Reactor. The first phase under the Consulting Agreement includes total fees of approximately $550,000 payable to us for services provided thereunder. We completed the work under phase one of the Consulting Agreement during the quarter ended June 30, 2010. The anticipated second phase and further phases of the collaboration, including a detailed study of evolutionary and longer-term thorium fuel concepts, will be conducted in accordance with additional collaborative agreements. The second agreement we signed with AREVA was a five-year Collaborative Framework Agreement, pursuant to which we will establish a joint steering committee with AREVA, which will be responsible for reviewing project proposals, will be empowered to make scientific and/or technical decisions and will allocate the resources required to implement future collaborative projects between us and AREVA. AREVA's use of our intellectual property for commercial purposes or any purpose other than as specified in the agreement would be separately negotiated on a royalty basis.

Pursuant to our agreements with AREVA, each party retains ownership in its existing (i.e., developed prior to entering into the agreements with AREVA) intellectual property. The parties have also agreed that AREVA will retain full ownership of any work product resulting from the services performed under the Consulting Agreement that relate to AREVA's LWRs and we will retain full ownership of any work product resulting from the services performed under the Consulting Agreement that relate to reactors other than AREVA's LWRs, including, but not limited to Russian VVER-type reactors.

Our business model expanded in 2007, and our second business segment is providing consulting and strategic advisory services to companies and governments planning to create or expand electricity generation capabilities using nuclear power plants. We have secured four contracts with successively larger values for consulting and strategic advisory services in the United Arab Emirates, or UAE. On August 1, 2008, we signed separate consulting services agreements with two government entities formed by Abu Dhabi, one of the member Emirates of the UAE. Under these two agreements, we are to provide consulting and strategic advisory services over a contract term of five years starting from June 23, 2008, with automatic renewals of these contracts for one year periods.

In April 2010 we entered into an agreement with another foreign government to evaluate the feasibility of developing and deploying a civil nuclear power program as one element of a strategy to meet future electricity generation needs.

Lightbridge's statement of work for the country's government will initially focus on two distinct areas. The first, an economic feasibility study that will address the question of whether deployment of a civil nuclear power program would meet the economic, energy portfolio mix and environmental objectives of the country. The second, a site suitability study that will evaluate and rank sites that are potentially suitable for the construction and operation of commercial nuclear power plants. If sites are identified and meet the necessary protocol, Lightbridge will determine up to three preferred locations. Lightbridge intends to communicate additional details about the client relationship pending the outcome of the initial scope of work. Total contract price for this work was approximately $700,000 and we completed this project and recognized all the revenue during the third quarter of 2010. We were required under the agreement to issue a letter of credit to this customer to secure the upfront fee they paid to us. We deposited $213,300, which is part of the restricted cash total of $263,500 at September 30, 2010, to the bank as security for this letter of credit.

Lightbridge Corporation
Notes to Unaudited Condensed Consolidated Financial Statements
For the Nine Months Ended September 30, 2010 and 2009

Accounting Policies

a) Consolidation

These financial statements include the accounts of Lightbridge Corporation, a Nevada corporation, and our wholly-owned subsidiaries, Thorium Power, Inc., a Delaware corporation, and Lightbridge Power International Holding, LLC, a Delaware limited liability company.

All significant intercompany transactions and balances have been eliminated in consolidation. We formed a branch office in the United Kingdom in 2008 called Lightbridge Advisors Limited, which is wholly-owned by our subsidiary Lightbridge Power International Holding, LLC, as well as a branch office in Moscow Russia, established in July 2009 and a branch office in the UAE in January 2010, which are both wholly-owned by Lightbridge Power International Holding, LLC.

b) Use of Estimates and Assumptions

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Significant Estimates

These consolidated financial statements include some amounts that are based on management's best estimates and judgments. The most significant estimates relate to valuation of stock grants and stock options, the valuation allowance for deferred taxes, impairment testing of intangible assets and various contingent liabilities. It is reasonably possible that the above-mentioned estimates and others may be adjusted as more current information becomes available, and any adjustment could be significant in future reporting periods.

c) Marketable Securities

The Company determines the appropriate classification of its investments in debt and equity securities at the time of purchase and reevaluates such determinations at each balance sheet date. Debt securities are classified as held to maturity when the Company has the positive intent and ability to hold the securities to maturity. Debt securities for which the Company does not have the intent or ability to hold to maturity are classified as available for sale. Held-to-maturity securities are recorded as either short term or long term on the Balance Sheet, based on contractual maturity date and are stated at amortized cost.

Marketable securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and are reported at fair value, with unrealized gains and losses recognized in earnings. Securities that are bought and held principally for the purpose of selling them in the near term (thus held for only a short period of time) shall be classified as trading securities. Trading generally reflects active and frequent buying and selling, and trading securities are generally used with the objective of generating profits on short-term differences in price. Debt and marketable equity securities not classified as held to maturity or as trading, are classified as available for sale, and are carried at fair market value, with the unrealized gains and losses, net of tax, included in the determination of comprehensive income and reported in shareholders' equity.

On July 1, 2008, we adopted Statement of FASB ASC 825, "Financial Instruments," . Under FASB ASC 825, companies may elect to measure certain financial instruments and certain other items at fair value. The standard requires that unrealized gains and losses on items for which the fair value option has been elected be reported in earnings. We did elect to use the fair value option for the marketable securities that were purchased September 2010. Therefore, the adoption of FASB ASC 825 did have an impact our consolidated financial position, results of operations or cash flows.

The fair value of substantially all securities is determined by quoted market prices. The estimated fair value of securities for which there are no quoted market prices is based on similar types of securities that are traded in the market.

Lightbridge Corporation
Notes to Unaudited Condensed Consolidated Financial Statements
For the Nine Months Ended September 30, 2010 and 2009

All marketable securities (consisting of four Vanguard mutual bond funds) were purchased in September 30, 2010 and were classified as available-for-sale securities and were reported at their fair value (level 1). The total fair value of the marketable securities at September 30, 2010 was $10,429,252. The amount recorded as unrealized gains and interest and dividends received which were reinvested, reported under the caption of other income in the statement of operations as a result of our election of the fair value option permitted under FASB ASC 825, totaled $43,494 for the three months and nine months ended September 30, 2010. The amount recorded as unrealized gains reported for the three months and nine months ended September 30, 2010 totaled $38,638. The total cost basis of these trading securities is $10,390,614.

d) Revenue Recognition

Consulting Business Segment

Revenue—at the present time we are deriving substantially all of our revenue from our consulting and strategic advisory services business segment, by offering services to foreign governments 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 contract entered into April 2010 with the foreign government mentioned above and the contracts with Executive Affairs Authority, or EAA, of Abu Dhabi, one of the member Emirates of the UAE, and the entities: Emirates Nuclear Energy Corporation, or ENEC, and Federal Authority for Nuclear Regulation, or FANR represented substantially all or our revenue producing consulting contracts for the nine months ended September 30, 2010. All of our revenues recognized under these EAA contracts for the nine months and three months ended September 30, 2010 and September 30, 2009 were recognized on a time and expense basis. The revenue recognized from the other foreign government contract entered into April 2010 was based on the completion and acceptance of contractual milestones, which were all completed and the work was accepted by this government entity during the third quarter of 2010.

Certain customer arrangements require evaluation of the criteria outlined in the accounting standards of 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, our latitude in establishing prices, our determination of service specifications and our involvement in the provision of services. When we conclude that we are not primarily obligated as a principal, we record the net amount earned as agent fees within net sales. We recognized revenue gross as a Principal for the nine months ended September 30, 2010 and 2009.

Technology Business Segment

Once our all-metal fuel assembly design and thorium-based nuclear fuel designs have advanced to a commercially usable stage, we will seek to license our technology to major government contractors or nuclear companies, working for the U.S. and other governments. We expect that our revenue from license fees will be recognized on a straight-line basis over the expected period of the related license term.

We recognized revenue from our agreement with AREVA upon the completion of certain defined contract deliverables that were accepted by AREVA.

e) Stock-Based Compensation

We account for stock-based awards at the fair value on the date of grant and recognition of compensation over the service period for awards expected to vest. The fair value of restricted stock and restricted stock units is determined based on the number of shares granted and the closing price of the shares in the market on the trading day immediately preceding the grant date. Such value is recognized as expense over the service period, net of estimated forfeitures.

The Company has accounted for the share grants made to the non-employees, based on the guidance provided in ASC 505-50 (previously EITF96-18).

ASC 505-50-30-6 (previously FAS 123R, par. 7) establishes that share-based payment transactions with non-employees shall be measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measured. 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:

Lightbridge Corporation
Notes to Unaudited Condensed Consolidated Financial Statements
For the Nine Months Ended September 30, 2010 and 2009

i. The date at which a commitment for performance by the counterparty to earn the equity instruments is reached (a performance commitment)
ii. The date at which the counterparty's performance is complete.

The Company has further assessed and concluded that there is no sufficiently large disincentive for non-performance under the share grant arrangements with the non-employees that would establish a performance commitment. Thus, the measurement date for the share grants to the non-employees would be the date at which the non-employee's performance is completed. In all cases we have judged this to be the vesting date.

f) Earnings per Share

Basic earnings per share is calculated using our weighted-average outstanding common shares. Diluted earnings per share is calculated using our weighted-average outstanding common shares including the dilutive effect of stock awards as determined under the treasury stock method.

g) Recent Accounting Pronouncements

FASB Accounting Standards Codification (Accounting Standards Update "ASU" 2009-1). In June 2009, the FASB approved its Accounting Standards Codification, or Codification, as the single source of authoritative United States accounting and reporting standards applicable for all non-governmental entities, with the exception of the SEC and its staff. The Codification is effective for interim or annual financial periods ending after September 15, 2009 and impacts our financial statements as all future references to authoritative accounting literature will be referenced in accordance with the Codification. There have been no changes to the content of our financial statements or disclosures as a result of implementing the Codification during the quarter ended September 30, 2010. As a result of our implementation of the Codification during the quarter ended September 30, 2010, previous references to new accounting standards and literature are no longer applicable.

h) Reclassification

Certain prior period amounts have been reclassified to the current presentation. Such reclassifications had no impact on previously reported Net income or total Stockholders' equity. The deferred stock compensation amount of $456,500 presented on the Company's balance sheet at December 31, 2009 represented the unamortized balance of non-vested stock grants and was a contra-equity offset to the value of the stock issued under the balance sheet captions "Common Stock" or "Common stock reserved for issuance" until vesting occurs. In accordance with ASC 718-10-25-2, these costs are not to be shown as deferred stock compensation but recognized as expense as services are provided. We have reclassified the deferred stock based compensation by eliminating this balance sheet caption, "Deferred stock compensation" and recording a corresponding adjustment (reduction) to Additional paid in capital – stock and stock equivalents in the amount of $456,500. Total Stockholders equity remains the same after this reclassification.

2. FINANCIAL STATUS OF THE COMPANY

Management anticipates, based on its current working capital and projected working capital requirements, that we will have enough working capital funds to sustain our current operations, including our planned research and development activities, at the current operating level until sometime in 2012. Currently, we are working on other revenue opportunities with the overall goal of increasing our profitability and cash flow.

3. CONSULTING REVENUES

ENEC and FANR Projects

Substantially all of our total consulting revenue earned in the amount of approximately $2.1 million and $6.1 million for the three months and nine months ended September 30, 2010, and $1.9 million and $8.3 million for the three months and nine months ended September 30, 2009, has been derived from the two consulting contracts we entered into in August 2008 and the one consulting contract we entered into in April 2010. The variation in revenue reflects the uneven nature of consulting projects and the timing of revenues recognized on the respective projects.

Lightbridge Corporation
Notes to Unaudited Condensed Consolidated Financial Statements
For the Nine Months Ended September 30, 2010 and 2009

We expect to continue to provide strategic advisory services to the EAA of Abu Dhabi and to both the ENEC and FANR entities during the five-year term of these consulting agreements. Under these agreements, revenue will be recognized on a time and expense basis. We periodically discuss our consulting work with the EAA of Abu Dhabi, who will review the work we perform, and our reimbursable travel expenses, prior to the date of our monthly invoicing for services and expenses.

Travel costs and other reimbursable costs under these contracts are reported in the accompanying statement of operations as both revenue and cost of consulting services provided, and totaled approximately $26,000 and $665,000 for the three months and nine months ended September 30, 2010 respectively and approximately $$106,000 and $744,000 for the three months and nine months ended September 30, 2009, respectively. The total travel and other reimbursable expenses that have not been reimbursed are being presented on the accompanying balance sheet and included in total accounts receivable in the amount of approximately $80,000 at September 30, 2010 and approximately $159,000 at December 31, 2009. The remaining accounts receivable reported at September 30. 2010 of approximately $1,191,000 represents consulting fees billed and due for the work performed for both the ENEC and FANR projects mentioned above and for the April 2010 consulting project with another foreign government, mentioned above. Total accounts receivable reported on the accompanying balance sheet is approximately $1,271,000 at September 30, 2010 and approximately $2,421,000 at December 31, 2009. At September 30, 2010 approximately $647,000 of the total accounts receivable reported is for September 2010 work that was billed in October 2010.

4. BUSINESS SEGMENTS

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

We evaluate performance based on several factors, of which the primary financial measure is business segment income before taxes. The following tables show the operations of our reportable segments for the three months and nine months ended September 30, 2010 and 2009:

BUSINESS SEGMENT RESULTS – THREE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

	Consulting		Technology		Corporate and Eliminations		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Revenue	2,050,456	1,941,382	0	68,166	0	0	2,050,456	2,009,548
Segment Profit – Pre Tax	697,326	570,588	(610,444)	(402,388)	(1,757,846)	(2,455,123)	(1,670,964)	(2,286,923)

Total Assets	1,271,360	2,008,435	289,561	379,553	14,990,861	5,539,403	16,551,782	7,927,391
Property Additions	0	0	0	0	0	1,900	0	1,900
Interest Expense	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	4,800	7,080	4,800	7,080

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Lightbridge Corporation
Notes to Unaudited Condensed Consolidated Financial Statements
For the Nine Months Ended September 30, 2010 and 2009

BUSINESS SEGMENT RESULTS – NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

	Consulting		Technology		Eliminations		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Revenue	6,069,333	8,315,921	342,550	68,166	0	0	6,411,883	8,384,087
Segment Profit – Pre Tax	1,670,902	3,170,607	(1,058,744)	(1,415,304)	(5,971,190)	(6,911,638)	(5,359,032)	(5,156,335)
Total Assets	1,271,360	2,008,435	289,561	379,553	14,990,861	5,539,403	16,551,782	