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

**FORM 10-Q**

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

**FOR THE QUARTERLY PERIOD ENDED: MARCH 31, 2017**

**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: 000-12885**

**alpha-En Corporation**

(Exact name of registrant as specified in its charter)

**Delaware**

**95-4622429**

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

**120 White Plains Road, Suite 425, Tarrytown, New York 10591  
(914) 418-2000**

(Address and telephone number of principal executive offices)

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

Indicate by check mark whether the registrant has submitted electronically 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 during the preceding 12 months (or 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, a small reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
(Do not check if a smaller reporting company)		Emerging growth company	<input type="checkbox"/>

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

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

As of May 15, 2017, there were 33,282,089 shares of common stock outstanding.

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**ALPHA-EN CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share and per share data)  
(Unaudited)

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
<b>ASSETS</b>		
Current assets		
Cash	\$ 132	\$ 442
Prepaid expenses	69	91
Restricted cash	100	100
Total current assets	301	633
Long-term deposit	50	50
Property and equipment, net	536	541
<b>Total assets</b>	<b>\$ 887</b>	<b>\$ 1,224</b>
<b>LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,013	\$ 964
Advances from related parties	178	78
Total current liabilities	1,191	1,042
<b>Total liabilities</b>	<b>1,191</b>	<b>1,042</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
Stockholders' (deficit) equity:		
Preferred stock par value 0.01: 2,000,000 shares authorized; none issued or outstanding	-	-
Class B common stock no par value: 1,000,000 shares authorized; none issued or outstanding	-	-
Common stock par value 0.01: 35,000,000 shares authorized; 33,282,089 shares issued and outstanding at March 31, 2017 and December 31, 2016	333	333
Additional paid-in capital	15,112	13,987
Treasury stock at cost: 714,750 shares as of March 31, 2017 and December 31, 2016	(69)	(69)
Accumulated deficit	(15,269)	(13,749)
Stockholders' equity attributed to alpha-En Corporation stockholders	107	502
Non-controlling interest	(411)	(320)
<b>Total stockholders' (deficit) equity</b>	<b>(304)</b>	<b>182</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY</b>	<b>\$ 887</b>	<b>\$ 1,224</b>

See notes to condensed consolidated financial statements.'

**ALPHA-EN CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except share and per share data)  
(Unaudited)

	<b>For the Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Operating expenses</b>		
General and administrative	\$ 920	\$ 583
Legal and professional fees	170	49
Research and development	521	394
Total operating expenses	<u>1,611</u>	<u>1,026</u>
<b>Net loss</b>	<b>(1,611)</b>	<b>(1,026)</b>
Less: net loss attributable to non-controlling interest	(91)	(61)
<b>Net loss attributable to alpha-En Corporation common stockholders</b>	<b><u>\$ (1,520)</u></b>	<b><u>\$ (965)</u></b>
Net loss per share attributable to alpha-En Corporation common stockholders		
Basic and diluted	<u>\$ (0.05)</u>	<u>\$ (0.03)</u>
Weighted average shares outstanding:		
Basic and diluted	<u>33,282,089</u>	<u>32,448,987</u>

See notes to condensed consolidated financial statements.

**ALPHA-EN CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' (DEFICIT) EQUITY**  
(in thousands, except share and per share data)  
(Unaudited)

	Common Stock		Additional	Treasury Stock		Accumulated	Noncontrolling	Total
	Shares	Amount	Paid-In Capital	Shares	Amount	Deficit	Interest	Equity (Deficit)
<b>Balance at December 31, 2016</b>	<b>33,282,089</b>	<b>\$ 333</b>	<b>\$ 13,987</b>	<b>714,750</b>	<b>\$ (69)</b>	<b>\$ (13,749)</b>	<b>\$ (320)</b>	<b>\$ 182</b>
Stock based compensation (options)	-	-	877	-	-	-	-	877
Warrant issued for service	-	-	248	-	-	-	-	248
Net loss	-	-	-	-	-	(1,520)	(91)	(1,611)
<b>Balance at March 31, 2017</b>	<b>33,282,089</b>	<b>\$ 333</b>	<b>\$ 15,112</b>	<b>714,750</b>	<b>\$ (69)</b>	<b>\$ (15,269)</b>	<b>\$ (411)</b>	<b>\$ (304)</b>

See notes to condensed consolidated financial statements.

**ALPHA-EN CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)  
(Unaudited)

	<b>For the Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>		
Net loss	\$ (1,611)	\$ (1,026)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	5	1
Stock-based compensation	877	627
Warrant issued for service	248	-
Issuance of subsidiary common stock for service	-	75
Changes in operating assets and liabilities of business, net of acquisitions:		
Prepaid expenses	22	(39)
Due from related parties	-	61
Accounts payable and accrued expenses	49	(22)
Net cash used in operating activities	(410)	(323)
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	-	(35)
Net cash used in investing activities	-	(35)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of common stock and warrants in private placements	-	280
Non-employee options exercised for cash	-	11
Advances from related parties	100	50
Repayments of advances from related parties	-	(20)
Net cash provided by financing activities	100	321
Net decrease in cash	(310)	(37)
Cash at beginning of period	442	730
Cash at end of period	\$ 132	\$ 693

See notes to condensed consolidated financial statements.

**ALPHA-EN CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**Note 1 - Organization and Operations**

alpha-En Corporation (together with its subsidiaries, the “Company”) was incorporated in Delaware on March 7, 1997.

On February 25, 2009, alpha-En Corporation was granted a license for an exclusive, worldwide, transferable, perpetual license to use certain proprietary technology for the processing of lithium for use in batteries. After much effort, it was determined the process was not commercially feasible and efforts surrounding this technology were abandoned in 2011. The Company negotiated an amendment and release related to this license. (See Note 7)

During the period from 2013 to the present, alpha-En Corporation has been exclusively focused on developing its own technology for the production of highly pure lithium metal, from the bench scale through multiple demonstrations, with the end goal of commercialization. During this time, alpha-En Corporation has also been pursuing strategic partnerships both commercially and with research institutions.

*Formation of Majority-Owned Subsidiary*

In September 2014, alpha-En Corporation formed Clean Lithium Corporation (“CLC”) under the laws of New York State as a wholly owned subsidiary with a nominal share capital of \$100,000.

Following the sale of CLC’s shares, the ownership is as follows:

<u>Stockholder</u>	<u>Shares</u>	<u>Percentage</u>
alpha-En Corporation	9,095,000	90.95%
Non-controlling interests	905,000	9.05%
Total:	<u>10,000,000</u>	<u>100.00%</u>

*Amended and Restated Certificate of Incorporation*

On March 29, 2017 the Board of Directors of the Company and a subset of the Company’s stockholders representing in excess of 75% of the Company’s currently issued and outstanding voting stock approved of the amendment and restatement of the Company’s Certificate of Incorporation (the “Restated Certificate”) to make certain corporate governance updates and to increase the authorized capital stock of the Company to 60,000,000 shares, of which 57,000,000 will be shares of Common Stock, par value \$0.01 per share, 1,000,000 will be shares of Class B Common Stock, par value \$0.01 per share and 2,000,000 will be shares of preferred stock, par value \$0.01 per share. Pursuant to applicable law, the Restated Certificate will not become effective until twenty days after the mailing of an Information Statement to all of the Company’s stockholders and after the filing of the Restated Certificate with the Delaware Secretary of State. On May 12, 2017 the Company filed the preliminary Information Statement on Schedule 14C with the Securities and Exchange Commission.

**Note 2 - Going Concern and Liquidity**

The Company’s condensed consolidated financial statements have been prepared assuming that it will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business.

As reflected in the condensed consolidated financial statements, the Company had an accumulated deficit of approximately \$15.3 million at March 31, 2017, a net loss of approximately \$1.6 million and approximately \$410,000 net cash used in operating activities for the three months ended March 31, 2017. These factors raise substantial doubt about the Company’s ability to continue as a going concern.

The Company is attempting to further develop the intellectual property associated with its technology; broaden its patent portfolio; scale up production of various products; and begin generating revenue; however, the Company's cash position is not sufficient to support its daily operations. While the Company believes in the viability of its technology and in its ability to raise additional funds by way of a public or private offering, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon its ability to raise additional funds by way of a public or private offering and its ability to further develop its technology and generate sufficient revenue.

The condensed consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

**ALPHA-EN CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**Note 3 - Significant and Critical Accounting Policies and Practices**

**Basis of Presentation and Principles of Consolidation**

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries. For consolidated entities where the Company owns less than 100% of the subsidiary, the Company records net loss attributable to non-controlling interests in its consolidated statements of operations equal to the percentage of the economic or ownership interest retained in such entities by the respective non-controlling parties.

The unaudited condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") and reflect all adjustments (consisting of normal recurring adjustments unless otherwise indicated) which, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented.

Certain information in footnote disclosures normally included in the financial statements prepared in conformity with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to the SEC rules and regulations for interim reporting. The financial results for the periods presented may not be indicative of the full year's results.

These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto for the fiscal year ended December 31, 2016 included in the Company's Annual Report on Form 10-K filed on March 31, 2017.

The Company's unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany balances and transactions have been eliminated.

**Use of Estimates**

The Company's unaudited condensed consolidated financial statements include certain amounts that are based on management's best estimates and judgments. The Company's significant estimates include, but are not limited to, useful lives assigned to long-lived assets, fair value measurements, stock-based compensation, accrued expenses, provisions for income taxes and contingencies. Due to the uncertainty inherent in such estimates, actual results may differ from these estimates.

**Cash**

As of March 31, 2017 and December 31, 2016, substantially all of the Company's cash was held by major financial institutions and the balance at certain times may exceed the maximum amount insured by the Federal Deposits Insurance Corporation. However, the Company has not experienced losses on these accounts and management believes that the Company is not exposed to significant risks on such accounts.

**Property and Equipment**

Lab equipment, leasehold improvements and office equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of each asset, generally three years.

**Impairment of Long-Lived Assets**

The Company reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Factors that the

Company considers in deciding when to perform an impairment review include significant underperformance of the business in relation to expectations, significant negative industry or economic trends, and significant changes or planned changes in the use of the assets. If an impairment review is performed to evaluate a long-lived asset for recoverability, the Company compares forecasts of undiscounted cash flows expected to result from the use and eventual disposition of the long-lived asset to its carrying value. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of an asset are less than its carrying amount. The impairment loss would be based on the excess of the carrying value of the impaired asset over its fair value. There was no impairments of long-lived assets during the period ended March 31, 2017.

**ALPHA-EN CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**Research and Development**

Research and development costs are expensed as incurred. Advance payments for goods and services that will be used in future research and development activities are expensed when the activity has been performed or when the goods have been received rather than when the payment is made. Upfront and milestone payments due to third parties that perform research and development services on the Company's behalf will be expensed as services are rendered or when the milestone is achieved.

Research and development costs primarily consist of personnel related expenses, including salaries, benefits, travel, and other related expenses, stock-based compensation, payments made to third parties for license and milestone costs related to in-licensed products and technology, payments made to third party contract research organizations, consultants, the cost of acquiring and manufacturing research trial materials, and costs associated with regulatory filings, laboratory costs and other supplies.

In accordance with ASC 730-10-25-1, *Research and Development*, costs incurred in obtaining technology licenses are charged to research and development expense if the technology licensed has not reached commercial feasibility and has no alternative future use. Certain licenses purchased by the Company require substantial completion of research and development and regulatory and marketing approval efforts in order to reach commercial feasibility and have no alternative future use.

**Contingencies**

The Company records accruals for contingencies and legal proceedings expected to be incurred in connection with a loss contingency when it is probable that a liability has been incurred and the amount can be reasonably estimated.

If a loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

**Stock-Based Compensation**

The Company expenses stock-based compensation to employees over the requisite service period based on the estimated grant-date fair value of the awards. For stock-based compensation awards to non-employees, the Company remeasures the fair value of the non-employee awards at each reporting period prior to vesting and finally at the vesting date of the award. Changes in the estimated fair value of these non-employee awards are recognized as compensation expense in the period of change.

The Company estimates the fair value of stock options grants using the Black-Scholes option pricing model and the assumptions used in calculating the fair value of stock-based awards represent management's best estimates and involve inherent uncertainties and the application of management's judgment.

**Income Taxes**

The Company records income taxes using the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax effects attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases, and operating loss and tax credit carryforwards. The Company establishes a valuation allowance if it is more likely than not that the deferred tax assets will not be recovered based on an evaluation of objective verifiable evidence. For tax positions that are more likely than not of being sustained upon audit, the Company recognizes the largest amount of the benefit that is greater than 50% likely of being realized. For tax positions that are not more likely than not of being sustained upon audit, the Company does not

recognize any portion of the benefit.

### **Loss Per Share**

Basic loss per share of common stock is computed by dividing net loss attributable to common stockholders by the weighted average number of shares of common stock outstanding for the period. Diluted loss per share excludes the potential impact of common stock options, unvested shares of restricted stock and outstanding common stock purchase warrants because their effect would be anti-dilutive.

**ALPHA-EN CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

Securities that could potentially dilute loss per share in the future that were not included in the computation of diluted loss per share at March 31, 2017 and 2016 are as follows:

	<b>As of March 31,</b>	
	<b>2017</b>	<b>2016</b>
Warrants to purchase common stock	3,771,875	2,025,000
Options to purchase common stock	5,030,000	4,170,000
<b>Total</b>	<b>8,801,875</b>	<b>6,195,000</b>

**Non-Controlling Interests**

Non-controlling interests in consolidated entities represent the component of equity in consolidated entities held by third parties. Any change in ownership of a subsidiary while the controlling financial interest is retained is accounted for as an equity transaction between the controlling and non-controlling interests.

**Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* (“ASU 2016-02”). ASU 2016-02 requires an entity to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. Early adoption is permitted. The Company is currently in the process of evaluating the impact of adoption of ASU 2016-02 on its consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation-Stock Compensation (Topic 718), Improvements to Employee Share-Based Payment Accounting* (“ASU 2016-09”). Under ASU 2016-09, companies will no longer record excess tax benefits and certain tax deficiencies in additional paid-in capital (“APIC”). Instead, they will record all excess tax benefits and tax deficiencies as income tax expense or benefit in the income statement and the APIC pools will be eliminated. In addition, ASU 2016-09 eliminates the requirement that excess tax benefits be realized before companies can recognize them. ASU 2016-09 also requires companies to present excess tax benefits as an operating activity on the statement of cash flows rather than as a financing activity. Furthermore, ASU 2016-09 will increase the amount an employer can withhold to cover income taxes on awards and still qualify for the exception to liability classification for shares used to satisfy the employer’s statutory income tax withholding obligation. An employer with a statutory income tax withholding obligation will now be allowed to withhold shares with a fair value up to the amount of taxes owed using the maximum statutory tax rate in the employee’s applicable jurisdiction(s). ASU 2016-09 requires a company to classify the cash paid to a tax authority when shares are withheld to satisfy its statutory income tax withholding obligation as a financing activity on the statement of cash flows. Under current GAAP, it was not specified how these cash flows should be classified. In addition, companies will now have to elect whether to account for forfeitures on share-based payments by (1) recognizing forfeitures of awards as they occur or (2) estimating the number of awards expected to be forfeited and adjusting the estimate when it is likely to change, as is currently required. These aspects of ASU 2016-09 are effective for reporting periods beginning after December 15, 2016, with early adoption permitted provided that all of the guidance is adopted in the same period. The Company adopted the standard as of January 1, 2017 and adoption did not have a material impact on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows - Classification of Certain Cash Receipts and Cash Payments*, which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The standard is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal

years. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating the impact of this new pronouncement on its consolidated statements of cash flows.

**ALPHA-EN CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**Note 4 - Property and Equipment**

The components of property and equipment as of March 31, 2017 and December 31, 2016, at cost are (dollars in thousands):

<u>(\$ in thousands)</u>	<u>Useful Life (Years)</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Lab equipment	3	173	173
Office furniture and equipment	3	12	12
Leasehold improvement		368	368
Gross property and equipment		553	553
Less: Accumulated depreciation		(17)	(12)
Property and equipment, net		<u>\$ 536</u>	<u>\$ 541</u>

The Company's depreciation expense for the three months ended March 31, 2017 and 2016 was \$5,000 and \$1,000, respectively.

**Note 5 - Related Party Transactions**

Advances from Stockholders

From time to time, stockholders of the Company advance funds to the Company for working capital purposes. Those advances are unsecured, non-interest bearing and due on demand.

As of March 31, 2017 and December 31, 2016, the outstanding amount of the advances from related parties was approximately \$178,000 and \$78,000, respectively. During the three months ended March 31, 2017, Steven M. Payne advanced \$50,000 and Jerome I. Feldman advanced \$50,000 to the Company and the Company did not repay any amounts to related parties.

Free Office Space

During 2015 and through September 2016, the Company was provided office space by its Chairman of the Board at no cost. Management determined that such cost was nominal and did not recognize the rent expense in its financial statements.

Restricted Stock Grant to Chief Executive Officer and Associated Withholding Payments

During three months ended March 31, 2016, Steven M. Fludder, Chief Executive Officer, paid the Company a withholding tax obligation of \$198,000 related to the grant of restricted stock in 2015.

Appointment of Chief Financial Officer

On February 23, 2017, the Board of Directors of the Company appointed Nathan Wasserman to become Chief Financial Officer of the Company, effective as of March 1, 2017. Pursuant to a term sheet dated February 27, 2017, Mr. Wasserman agreed to serve as our Chief Financial Officer for an initial term of three years. The Company granted Mr. Wasserman stock options to purchase a total of 500,000 shares of common stock at an exercise price of \$1.10 per share, of which 150,000 vested immediately, 150,000 will vest in his second year of service and 200,000 will vest in his third year of service. Mr. Wasserman will also receive a starting salary of \$5,000 per month.

**Note 6 - Stockholders' Equity**

***Common Stock***

As of March 31, 2017 and 2016, there were warrants to purchase 3,771,875 and 2,025,000 shares of common stock issued and outstanding, respectively.

**ALPHA-EN CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

***Stock Options***

The grant date fair value of stock options granted during the three months ended March 31, 2017 was \$611,000. The fair value of the Company's common stock was based upon the publicly quoted price on the date that the final approval of the awards was obtained. The Company does not expect to pay dividends in the foreseeable future so therefore the expected dividend yield is 0%. The expected term for stock options granted with service conditions represents the average period the stock options are expected to remain outstanding and is based on the expected term calculated using the approach prescribed by the Securities and Exchange Commission's Staff Accounting Bulletin for "plain vanilla" options. The expected term for stock options granted with performance and/or market conditions represents the estimated period estimated by management by which the performance conditions will be met. The Company obtained the risk-free interest rate from publicly available data published by the Federal Reserve. The Company uses a methodology in estimating its volatility percentage from a computation that was based on a comparison of average volatility rates of similar companies to a computation based on the standard deviation of the Company's own underlying stock price's daily logarithmic returns. The fair value of options granted in the three months ended March 31, 2017 and 2016 were estimated using the following weighted-average assumptions:

	<b>As of March 31,</b>	
	<b>2017</b>	<b>2016</b>
Exercise price	\$ 1.10	\$ 0.90
Expected stock price volatility	79%	80%
Risk-free rate of interest	1.49%	1.34%
Term (years)	3.0	4.6

A summary of option activity under the Company's employee stock option plan for the three months ended March 31, 2017 is presented below:

	<b>Number of Shares</b>	<b>Weighted Average Exercise Price</b>	<b>Total Intrinsic Value</b>	<b>Weighted Average Remaining Contractual Life (in years)</b>
Outstanding as of December 31, 2016	1,575,000	\$ 0.50	\$ 1,264,000	4.7
Employee options granted	500,000	1.10	450,000	4.8
Outstanding as of March 31, 2017	2,075,000	\$ 0.65	\$ 2,805,000	4.5
Options vested and expected to vest as of March 31, 2017	2,075,000	\$ 0.65	\$ 2,805,000	4.5
Options vested and exercisable as of March 31, 2017	900,000	\$ 0.46	\$ 1,382,000	3.6

Estimated future stock-based compensation expense relating to unvested employee stock options is approximately \$599,000 as of March 31, 2017 and will be amortized over 3.5 years.

A summary of activity of options granted to non-employees for the three months ended March 31, 2017 is presented below:

	<b>Number of Shares</b>	<b>Weighted Average Exercise Price</b>	<b>Total Intrinsic Value</b>	<b>Weighted Average Remaining Contractual Life (in years)</b>
Outstanding as of December 31, 2016	2,955,000	\$ 0.27	\$ 3,053,000	3.2

Outstanding as of March 31, 2017	2,955,000	\$	0.27	\$	5,110,000	3.0
Options vested and expected to vest as of March 31, 2017	2,955,000	\$	0.27	\$	5,110,000	3.0
Options vested and exercisable as of March 31, 2017	1,767,500	\$	0.30	\$	3,012,000	3.0

***Warrants***

A summary of the status of the Company's outstanding warrants as of March 31, 2017 and changes during the three months then ended is presented below:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>	<b>Total Intrinsic Value</b>	<b>Weighted Average Remaining Contractual Life (in years)</b>
Outstanding as of December 31, 2016	3,271,875	\$ 1.02	\$ 2,000,000	3.9
Issued	500,000	1.20	400,000	6.9
Outstanding as of March 31, 2017	3,771,875	\$ 1.05	\$ 4,290,000	4.1
Warrants exercisable as of March 31, 2017	3,521,875	\$ 1.04	\$ 4,090,000	3.9

**ALPHA-EN CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

***Stock-based Compensation Expense***

Stock-based compensation expense for the three months ended March 31, 2017 and 2016 was comprised of the following (dollars in thousands):

	<b>For the Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
Employee restricted stock awards	\$ -	\$ 136
Employee stock option awards	237	31
Non-employee option awards	640	460
Total compensation expense	\$ 877	\$ 627

**Note 7 - Contingencies and Commitments**

On March 22, 2016, the Company entered into a lease (the “Lease”) with Hudson View Building #3, LLC (“the “Landlord”), for office and laboratory space located in Yonkers, New York (the “Leased Premise”). The Leased Premise consists of approximately 8,000 square feet. The Lease has a term of 87 months from the lease commencement date, which is the date upon which the Landlord has substantially completed certain interior leasehold improvements to the Leased Premise. The annual rent of the first year of the lease is approximately \$208,000, increasing by 1.5% on each anniversary of the lease commencement date. In the event of a termination of the lease following a default by the Company, the Company will be obligated to pay the sum of the rent payable for the remainder of the lease term.

In connection with this lease, the Company obtained an Irrevocable Standby Letter of Credit (the “Letter of Credit”) from Chase Bank for a sum not exceeding \$150,000. The Company has deposited this amount with Chase Bank as collateral for the Letter of Credit and recorded the amount as restricted cash and long term deposit in the consolidated balance sheets as of March 31, 2017.

As of March 31, 2017, contractual minimal lease payments are as follows (in thousands):

	2017	\$	104
	2018		209
	2019		213
	2020		216
	2021		219
Thereafter			562
Total		\$	1,523

On February 25, 2009, the Company was granted an exclusive, worldwide, transferable, perpetual license to use certain proprietary technology for the processing of lithium for use in batteries and other fields. Commencing in October 2010, working through a third party, the Company conducted a series of tests to determine if the process worked and, based on the results, initially believed that the process produced lithium, however it did not prove to be commercially feasible and research and development efforts involving this license were abandoned. In exchange for the license, the Company had certain financial, share issuance and royalty obligations if certain sale thresholds were met. However, since contractually agreed thresholds were not met and the technology was not used, the Company negotiated an amendment and release which was finalized in January 2017. Pursuant to the amendment and release, the third party retained two million of the three million total shares from the original license and forfeited the remaining one million shares. The two million shares retained by the third party are subject to customary transfer restrictions for restricted shares.

The Company maintains an executive office in Tarrytown, New York. This space was previously provided to the Company without charge by our Executive Chairman, Jerome I. Feldman. Beginning in September 2016 the Company began incurring rent for this space of approximately \$5,000 per month, plus taxes and utilities to the current owner Cushman & Wakefield of Pennsylvania, Inc. The lease commenced on May 1, 2016 and terminates on April 30, 2018. The Company has the option to terminate the lease at any time upon two months' notice.

**Note 8 - Subsequent Events**

The Company has evaluated all events that occurred after the balance sheet date through the date when the financial statements were issued to determine if they must be reported.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

### **Overview**

For over six years, we have been focused exclusively on efforts to develop a business centered around the commercial manufacturing of highly pure lithium metal, a raw material for use in lightweight, high energy density batteries, in an environmentally friendly manner. Additionally, we have broadened our focus to include lithium products and processes derived from our core technology. This includes battery components such as protected anodes and compounds of lithium, among other things.

Lithium is the lightest metal with the highest electrochemical potential, making it a clear choice for batteries. There is a substantial existing market for lithium metal in primary (non-rechargeable) batteries, and rechargeable batteries, including many future opportunities which exist for next-generation batteries under development.

We have no revenues and our business is in the development stage. Our operations primarily include activities related to developing our technology and maintaining our public company status.

### **Results of Operations**

#### *Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016*

General and administrative expenses were approximately \$920,000 for the three months ended March 31, 2017 as compared to approximately \$583,000 for the three months ended March 31, 2016. The increase in general and administrative expenses mostly relates to increased stock based compensation and warrants issued for services which were approximately \$643,000 and \$369,000 for the three months ended March 31, 2017 and 2016, respectively.

Legal and professional fees were approximately \$170,000 for the three months ended March 31, 2017 as compared to approximately \$49,000 for the three months ended March 31, 2016. The increase in legal and professional fees was due to accounting and legal services incurred in relation to the filing of our annual financials.

Research and development expenses were approximately \$521,000 for the three months ended March 31, 2017 as compared to approximately \$394,000 for the three months ended March 31, 2016. The increase in research and development expenses mostly relates to increased stock based compensation which was approximately \$483,000 and \$258,000 for the three months ended March 31, 2017 and 2016, respectively.

Net loss attributable to non-controlling interest was approximately \$91,000 for the three months ended March 31, 2017 as compared to approximately \$61,000 for the three months ended March 31, 2016. The increase was mostly due to the increased loss of CLC.

### **Going Concern**

The Company's condensed consolidated financial statements have been prepared assuming that it will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business.

As reflected in the condensed consolidated financial statements, the Company had an accumulated deficit of approximately \$15.3 million at March 31, 2017, a net loss of approximately \$1.6 million and approximately \$410,000 net cash used in operating activities for the three months ended March 31, 2017. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company is attempting to further develop the intellectual property associated with its technology; broaden its patent portfolio; scale up production of various products; and begin generating revenue; however, the Company's cash position is not sufficient to support its daily operations. While the Company believes in the viability of its technology and in its ability to raise additional funds by way of a public or private offering, there can be no assurances to that effect. The ability

of the Company to continue as a going concern is dependent upon its ability to raise additional funds by way of a public or private offering and its ability to further develop its technology and generate sufficient revenue.

The condensed consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

### **Liquidity and Capital Resources**

Restricted cash and long-term deposit at March 31, 2017 includes \$150,000 of cash deposited with Chase Bank (“Chase”) as collateral for an irrevocable standby letter of credit associated with the lease of our Yonkers lease.

As of March 31, 2017, we had an accumulated deficit of approximately \$15.3 million and working capital deficit of approximately \$890,000.

We have limited funds to continue our operating activities. Future operating activities are expected to be funded by loans and investments from officers, directors and stockholders, until we begin to generate cash flows from operations.

The table below sets forth selected cash flow data for the periods presented (dollars in thousands):

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<u>2017</u>	<u>2016</u>
Net cash used in operating activities	\$ (410)	\$ (323)
Net cash used in investing activities	-	(35)
Net cash provided by financing activities	100	321
Net decrease in cash and cash equivalents	<u>\$ (310)</u>	<u>\$ (37)</u>

The success of our business plan during the next 12 months and beyond is contingent upon us generating sufficient revenue to cover our costs of operations, or upon us obtaining additional financing. We believe that our current capital resources are not sufficient to support our operations for the next 12 months. We intend to finance our operations through debt and/or equity financings. There can be no assurance that such additional financing will be available to us on acceptable terms, or at all. We intend to use all commercially-reasonable efforts at our disposal to raise sufficient capital to run our operations on a go forward basis.

#### **Off Balance Sheet Arrangements**

As of the date of this report, we have not entered into any transactions with unconsolidated entities in which we have financial guarantees, subordinated retained interests, derivative instruments or other contingent arrangements that expose us to material continuing risks, contingent liabilities or any other obligations under a variable interest in an unconsolidated entity that provides us with financing, liquidity, market risk or credit risk support.

#### **Commitments**

On March 22, 2016, the Company entered into a lease (the "Lease") with Hudson View Building #3, LLC ("the "Landlord"), for office and laboratory space located in Yonkers, New York (the "Leased Premise"). The Leased Premise consists of approximately 8,000 square feet. The Lease has a term of 87 months from the lease commencement date, which is the date upon which the Landlord has substantially completed certain interior leasehold improvements to the Leased Premise. The annual rent of the first year of the lease is approximately \$208,000, increasing by 1.5% on each anniversary of the lease commencement date. In the event of a termination of the lease following a default by the Company, the Company will be obligated to pay the sum of the rent payable for the remainder of the lease term.

In connection with this lease, the Company obtained an Irrevocable Standby Letter of Credit (the "Letter of Credit") from Chase Bank for a sum not exceeding \$150,000. The Company has deposited this amount with Chase Bank as collateral for the Letter of Credit and recorded the amount as restricted cash and long-term deposits in the consolidated balance sheets as of March 31, 2017.

As of March 31, 2017, contractual minimal lease payments are as follows (in thousands):

2017	\$	104
2018		209
2019		213
2020		216
2021		219
Thereafter		<u>562</u>
Total	<u>\$</u>	<u>1,523</u>



### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Not applicable

### **Item 4. Controls and Procedures**

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

We carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of March 31, 2017. This evaluation was carried out under the supervision and with the participation of our Principal Executive Officer, and our Principal Financial and Accounting Officer. Based upon that evaluation, our Chief Executive Officer and Principal Accounting Officer concluded that, as of March 31, 2016, our disclosure controls and procedures were ineffective as of the end of the period covered, due to the following material weaknesses which are indicative of many small companies with small staff: (i) inadequate segregation of duties and effective risk assessment; and (ii) insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of both United States generally accepted accounting principles and Securities and Exchange Commission guidelines. Management anticipates that such disclosure controls and procedures will not be effective until the material weaknesses are remediated. We have added additional resources and expect to remediate the material weakness in our disclosure controls and procedures end of our fiscal quarter ending June 30, 2017.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Principal Executive Officer, and Principal Financial and Accounting Officer, to allow timely decisions regarding required disclosure.

During the fiscal year 2016, we, together with our independent registered public accounting firm, identified material weaknesses in our internal control over financial reporting, as described below. A "material weakness" is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses in internal control over financial reporting resulted from operating deficiencies which are listed below. To remediate the material weaknesses, we are initiating controls and procedures to formally monitor new transactions and events that change our business so that we consider material impacts to our financial statements, including proper recording and disclosure of those transactions or events as well as documenting the related significant estimates and judgments made by management.

- There are insufficient written policies and procedures to ensure the correct application of accounting and financial reporting with respect to the current requirements of GAAP and SEC disclosure requirements;
- Insufficient segregation of duties, oversight of work performed and lack of compensating controls in the Company's finance and accounting functions due to limited personnel;
- Inadequate controls surrounding related party transactions, to ensure that all material transactions and developments impacting the financial statements are reflected and properly recorded;
- Management has not performed a proper evaluation of 1) the disclosure controls and procedures and 2) internal control over financial reporting; and
- Inadequate controls over Company arrangements and contract management.

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

There was no change in our internal control over financial reporting during the three months ended March 31, 2017 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

We are not currently involved in any litigation that we believe could have a material adverse effect on our financial condition and results of operations or cash flows.

### Item 1A. Risk Factors.

There are no material changes to the risk factors in our most recent Annual Report on Form 10-K.

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

None.

### Item 3. Defaults upon Senior Securities.

None.

### Item 4. Mine Safety Disclosures.

Not applicable.

### Item 5. Other Information.

Not applicable.

### Item 6. Exhibits

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
31.1	Certification of Principal Executive Officer and Principal Financial Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

## SIGNATURES

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

### **alpha-En Corporation**

Date: May 15, 2017

By: /s/ Jerome I. Feldman

Jerome I. Feldman  
Executive Chairman and Treasurer

Date: May 15, 2017

By: /s/ Nathan J. Wasserman

Nathan J. Wasserman  
Chief Financial Officer  
(principal financial and accounting officer)

