
**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: SEPTEMBER 30, 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.)

**28 Wells Avenue, 2nd Floor, Yonkers, New York 10701
(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

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial 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 November 14, 2017, there were 33,347,506 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)

	September 30, 2017	December 31, 2016
	(Unaudited)	
ASSETS		
Current assets		
Cash	\$ 685	\$ 442
Prepaid expenses	89	91
Restricted cash	15	100
Total current assets	789	633
Long-term deposit	35	50
Property and equipment, net	525	541
Total assets	\$ 1,349	\$ 1,224
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 916	\$ 964
Advances from related parties	36	78
Total current liabilities	952	1,042
Total liabilities	952	1,042
Preferred stock par value \$0.01: 2,000,000 shares authorized; 1,820 shares issued and outstanding as of September 30, 2017; aggregate liquidation preference of \$1,888	1,888	-
COMMITMENTS AND CONTINGENCIES		
Stockholders' (deficit) equity:		
Class B common stock no par value: 1,000,000 shares authorized; none issued or outstanding	-	-
Common stock par value \$0.01: 57,000,000 shares authorized; 33,344,506 shares and 33,282,089 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively	334	333
Additional paid-in capital	17,065	13,987
Treasury stock at cost: 714,750 shares as of September 30, 2017 and December 31, 2016	(69)	(69)
Accumulated deficit	(18,251)	(13,749)
Stockholders' (deficit) equity attributed to alpha-En Corporation stockholders	(921)	502
Non-controlling interest	(570)	(320)
Total stockholders' (deficit) equity	(1,491)	182
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY AND TEMPORARY EQUITY	\$ 1,349	\$ 1,224

See notes to condensed consolidated financial statements.

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

	<u>For the Three Months Ended</u> <u>September 30,</u>		<u>For the Nine Months Ended</u> <u>September 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Operating expenses				
General and administrative	\$ 1,751	\$ (89)	\$ 3,188	\$ 1,398
Legal and professional fees	135	221	390	466
Research and development	473	(381)	1,093	1,522
Total operating expenses	<u>2,359</u>	<u>(249)</u>	<u>4,671</u>	<u>3,386</u>
Other income (loss)				
Loss on extinguishment of accounts payable	(82)	-	(82)	-
Interest income	1	-	1	-
Total other loss	<u>(81)</u>	<u>-</u>	<u>(81)</u>	<u>-</u>
Net (loss) income	(2,440)	249	(4,752)	(3,386)
Less: net (loss) gain attributable to non-controlling interest	(125)	29	(250)	(206)
Net (loss) income attributable to controlling interest	(2,315)	220	(4,502)	(3,180)
Less: Dividends accrued on preferred stock	(46)	-	(68)	-
Less: Deemed dividend on Series A preferred stock	-	-	(649)	-
Less: Deemed dividend - beneficial conversion feature on preferred stock	-	-	(807)	-
Less: Deemed dividend - inducement to exercise warrants	-	(378)	-	(378)
Net loss attributable to alpha-En Corporation common stockholders	\$ (2,361)	\$ (158)	\$ (6,026)	\$ (3,558)
Net loss per share attributable to alpha-En Corporation common stockholders				
Basic and diluted	<u>\$ (0.07)</u>	<u>\$ (0.00)</u>	<u>\$ (0.18)</u>	<u>\$ (0.11)</u>
Weighted average shares outstanding:				
Basic and diluted	<u>33,337,722</u>	<u>33,767,673</u>	<u>33,300,837</u>	<u>33,263,599</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	(Deficit) Equity
Balance at December 31, 2016	33,282,089	\$ 333	\$ 13,987	714,750	\$ (69)	\$ (13,749)	\$ (320)	\$ 182
Stock based compensation (options)	-	-	2,706	-	-	-	-	2,706
Warrant issued for service	-	-	249	-	-	-	-	249
Common stock and warrants issued for extinguishment of accounts payable	62,417	1	191	-	-	-	-	192
Issuance of warrants to purchase common stock with preferred stock offering	-	-	649	-	-	-	-	649
Deemed dividend on Series A preferred stock	-	-	(649)	-	-	-	-	(649)
Beneficial conversion feature of Series A preferred stock	-	-	807	-	-	-	-	807
Deemed dividends related to beneficial conversion feature of Series A preferred stock	-	-	(807)	-	-	-	-	(807)
Accrued Series A dividends	-	-	(68)	-	-	-	-	(68)
Net loss	-	-	-	-	-	(4,502)	(250)	(4,752)
Balance at September 30, 2017	33,344,506	\$ 334	\$ 17,065	714,750	\$ (69)	\$ (18,251)	\$ (570)	\$ (1,491)

See notes to condensed consolidated financial statements.

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

	For the Nine Months Ended September 30,	
	2017	2016
Cash flows from operating activities		
Net loss	\$ (4,752)	\$ (3,386)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	41	7
Stock-based compensation	2,706	1,711
Warrant issued for service	249	-
Loss on extinguishment of accounts payables	82	-
Issuance of subsidiary common stock for service	-	75
Changes in operating assets and liabilities of business, net of acquisitions:		
Prepaid expenses	2	187
Due from related parties	-	61
Accounts payable and accrued expenses	62	382
Net cash used in operating activities	(1,610)	(963)
Cash flows from investing activities		
Release of restricted cash and long term deposit	100	-
Purchase of fixed assets	(25)	(218)
Net cash provided by (used in) investing activities	75	(218)
Cash flows from financing activities		
Proceeds from issuance of preferred stock and warrants	1,670	705
Non-employee options exercised for cash	-	11
Warrants exercised for cash	-	215
Advances from related parties	150	50
Repayments of advances from related parties	(42)	(70)
Net cash provided by financing activities	1,778	911
Net increase (decrease) in cash	243	(270)
Cash at beginning of period	442	730
Cash at end of period	\$ 685	\$ 460
Non cash financing and investing activities:		
Beneficial conversion feature of Series A preferred stock	\$ 807	\$ -
Deemed dividends related to beneficial conversion feature of Series A preferred stock	\$ 807	\$ -
Deemed dividend on Series A preferred stock	\$ 649	\$ -
Accrued Series A dividends	\$ 68	\$ -
Conversion of advances from related parties to preferred stock	\$ 150	\$ -
Common stock and warrants issued for extinguishment of accounts payable	\$ 192	\$ -

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.

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 are shares of Common Stock, par value \$0.01 per share, 1,000,000 are shares of Class B Common Stock, par value \$0.01 per share and 2,000,000 are shares of preferred stock, par value \$0.01 per share. The Company filed a definitive information statement on Schedule 14C with the Securities and Exchange Commission on June 1, 2017 describing the changes in the Restated Certificate. The Restated Certificate was filed with the Secretary of State for the State of Delaware and became effective on June 30, 2017.

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 \$18.3 million at September 30, 2017, a net loss of approximately \$4.8 million and approximately \$1.6 million net cash used in operating activities for the nine months ended September 30, 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 operations for the foreseeable future. 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 September 30, 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 or amortized using the straight-line method over the estimated useful life of each asset, generally three to seven 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 were no impairments of long-lived assets during the nine months ended September 30, 2017.

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

Fair Value of Preferred Stock

The fair value of Preferred stock was estimated based upon equivalent common shares that Preferred Stock could have been converted into at the closing price on the purchase date.

Convertible Financial Instruments

The Company bifurcates conversion options from their host instruments and accounts for them as free standing derivative financial instruments if certain criteria are met. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. An exception to this rule is when the host instrument is deemed to be conventional, as that term is described under applicable GAAP.

When the Company has determined that the embedded conversion options should not be bifurcated from their host instruments, discounts are recorded for the intrinsic value of conversion options embedded in the instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the transaction and the effective conversion price embedded in the instrument. Deemed dividends are also recorded for the intrinsic value of conversion options embedded in preferred shares based upon the differences between the fair value of the underlying common stock at the commitment date of the transaction and the effective conversion price embedded in the preferred shares.

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 option 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.

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

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.

Securities that could potentially dilute loss per share in the future that were not included in the computation of diluted loss per share at September 30, 2017 and 2016 are as follows:

	As of September 30,	
	2017	2016
Warrants to purchase common stock	4,744,292	2,421,875
Options to purchase common stock	8,880,000	4,220,000
Total	13,624,292	6,641,875

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 July 2017, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Updates (the “ASU”) 2017-11, *Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480) and Derivatives and Hedging (Topic 815): I. Accounting for Certain Financial Instruments with Down Round Features; II. Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception*, (ASU 2017-11). Part I of this update addresses the complexity of accounting for certain financial instruments with down round features. Down round features are features of certain equity-linked instruments (or embedded features) that result in the strike price being reduced on the basis of the pricing of future equity offerings. Current accounting guidance creates cost and complexity for entities that issue financial instruments (such as warrants and convertible instruments) with down round features that require fair value measurement of the entire instrument or conversion option. Part II of this update addresses the difficulty of navigating Topic 480, Distinguishing Liabilities from Equity, because of the existence of extensive pending content in the FASB Accounting Standards Codification. This pending content is the result of the indefinite deferral of accounting requirements about mandatorily redeemable financial instruments of certain nonpublic entities and certain mandatorily redeemable noncontrolling interests. The amendments in Part II of this update do not have an accounting effect. This ASU is effective

for fiscal years, and interim periods within those years, beginning after December 15, 2018. The Company is currently assessing the potential impact of adopting ASU 2017-11 on its financial statements and related disclosures.

In May 2017, the FASB issued ASU 2017-09, *Compensation-Stock Compensation (Topic 718): Scope of Modification Accounting*, (ASU 2017-09). ASU 2017-09 provides clarity and reduces both (1) diversity in practice and (2) cost and complexity when applying the guidance in Topic 718, to a change to the terms or conditions of a share-based payment award. The amendments in ASU 2017-09 should be applied prospectively to an award modified on or after the adoption date. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. The adoption of this ASU is not expected to have a material impact on the Company's financial position or results of operations.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. 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.

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

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.

Note 4 - Property and Equipment

The components of property and equipment as of September 30, 2017 and December 31, 2016, at cost are (dollars in thousands):

<i>(\$ in thousands)</i>	Useful Life (Years)	September 30, 2017	December 31, 2016
Lab equipment	3	173	173
Office furniture and equipment	3	31	12
Leasehold improvement	7	374	368
Gross property and equipment		578	553
Less: Accumulated depreciation and amortization		(53)	(12)
Property and equipment, net		<u>\$ 525</u>	<u>\$ 541</u>

The Company’s depreciation and amortization expense for the three months ended September 30, 2017 and 2016 was \$24,000 and \$5,000, respectively. The Company’s depreciation expense for the nine months ended September 30, 2017 and 2016 was \$41,000 and \$7,000, 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 September 30, 2017 and December 31, 2016, the outstanding amounts of the advances from related parties was approximately \$36,000 and \$78,000, respectively. During the nine months ended September 30, 2017, Steven M. Payne, Jerome I. Feldman and Jim Kilman each advanced \$50,000 to the Company and the Company repaid \$42,000 in advances and \$150,000 was converted into preferred stock.

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

Free Office Space

Beginning in 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 nine months ended September 30, 2016, Steven M. Fludder, Chief Executive Officer, reimbursed 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 the Company's 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 receives a starting salary of \$5,000 per month.

Note 6 - Temporary Equity

Series A Preferred Stock

The following table summarizes the Company's Series A Preferred Stock activities for the nine months ended September 30, 2017 (dollars in thousands):

	Series A Preferred Stock	
	Shares	Amount
Total temporary equity as of December 31, 2016	-	\$ -
Proceeds from sale of Series A preferred stock	1,670	1,670
Conversion of advances into preferred stock	150	150
Beneficial conversion feature of Series A preferred stock	-	(807)
Deemed dividends related to beneficial conversion feature of Series A preferred stock	-	807
Accrued Series A dividends	-	68
Deemed dividend on Series A preferred stock	-	649
Fair Value of common stock warrant issued with Series A preferred stock	-	(649)
Total temporary equity as of September 30, 2017	<u>1,820</u>	<u>\$ 1,888</u>

On May 17, 2017, the Company entered into a preferred stock purchase agreement ("Stock Purchase Agreement") with several accredited and institutional investors, pursuant to which the Company agreed to issue and sell in a private placement 1,820 shares of its newly designated Series A Preferred Stock, par value \$0.01 per share ("Series A Preferred"), as well as 910,000 warrants to purchase the Company's common stock, par value \$0.01 per share ("Common Stock"), at a purchase price of \$1,000 per share, for total gross proceeds of \$1.82 million (including previous advances from related parties). The warrants have a 5-year term and an exercise price of \$2.00.

The Series A Preferred is entitled to accrue cumulative dividends at a rate equal to 10.0% simple interest per annum on the original issue price of \$1,000 per share (the "Original Issue Price"). Accrued dividends will be payable quarterly based on

a 365-day year and may be paid in cash or in additional shares of Series A Preferred. Each share of Series A Preferred is convertible into 572 shares of Common Stock, subject to customary increases or decreases for stock splits, stock dividends recapitalizations and the like, and may be converted to Common Stock at any time after issuance at the option of a holder. The Company will have the right, at the Company's option, to redeem all or a portion of the shares of Series A Preferred Stock at any time or times after the one year anniversary of the Issuance Date of such Series A Preferred Stock, at a price per share (the "Redemption Price") equal to the sum of the following (without duplication): (a) the Original Issue Price, plus (b) any accrued but unpaid Dividends. Upon any liquidation, dissolution or winding up of the Company, liquidation of the Company's assets will be made in the following order of priority: (a) first, payment or provision for payment of debts and other liabilities; (b) second, payment to the holders of Series A Preferred an amount with respect to each share of Series A Preferred equal to the Original Issue Price, plus any accrued but unpaid Dividends thereon; and (c) third, payment to the holders of Common Stock. Except as required by applicable law or as set forth herein, the holders of shares of Series A Preferred Stock will vote together with the holders of shares of Common Stock and not as a separate class. Each share of Series A Preferred Stock will have a number of votes equal to the number of shares of Common Stock then issuable upon conversion of such share of Series A Preferred Stock.

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(Unaudited)

The Series A Preferred Stock is being classified as temporary equity because it has redemption features that are outside of the Company’s control upon certain triggering events, such as a deemed liquidation event. A “Deemed Liquidation Event” is defined in the Company’s Amended and Restated Certificate of Incorporation as a merger that results in a change in control or the sale of substantially all the assets of the Company. In the case of a Deemed Liquidation Event, the assets of the Company will be paid in order of liquidation preference to the holders of preferred and common stock. Because certain holders of the Series A Preferred Stock constitute a majority of the Company’s Board of Directors, a potential Deemed Liquidation Event is considered to be outside the control of the Company along with the call provision that can be exercised in one year, resulting in classification of the Series A Preferred Stock as temporary equity.

The Company has determined that the warrants should be accounted as a component of stockholders’ equity. On the issuance date, the Company estimated the fair value of the warrants at \$1.1 million using the Black-Scholes option pricing model using the following primary assumptions: contractual term of 5.0 years, volatility rate of 79.8%, risk-free interest rate of 1.76% and expected dividend rate of 0%. Based on the warrant’s relative fair value to the fair value of the Series A Preferred, approximately \$649,000 of the \$1.1 million of aggregate fair value was allocated to the warrants, creating a corresponding preferred stock discount in the same amount.

Due to the reduction of allocated proceeds to Series A Preferred, the effective conversion price was approximately \$1.1 per share creating a beneficial conversion feature of \$807,000. Since the conversion option of the Series A Preferred was immediately exercisable, the beneficial conversion feature was immediately accreted to preferred dividends, resulting in an increase in the carrying value of the Series A Preferred.

As of September 30, 2017, the dividends accrued and outstanding was \$68,000.

Note 7 - Stockholders’ (Deficit) Equity

Stock Options

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 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 grant date fair value of stock options granted during the nine months ended September 30, 2017 and 2016 was \$4.6 million and \$268,000, respectively. The fair value of options granted during the nine months ended September 30, 2017 and 2016 were estimated using the following weighted-average assumptions:

	For the Nine Months Ended	
	September 30,	
	2017	2016
Exercise price	\$ 1.85	\$ 0.99
Expected stock price volatility	79%	80%
Risk-free rate of interest	1.61%	1.30%
Term (years)	3.1	4.4

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A summary of option activity under the Company's employee stock option plan for the nine months ended September 30, 2017 is presented below:

	Number of Shares	Weighted Average Exercise Price	Total Intrinsic Value	Weighted Average Remaining Contractual Life (in years)
Outstanding as of December 31, 2016	1,575,000	\$ 0.50	\$ 1,264,000	4.7
Employee options granted	4,150,000	1.85	400,000	4.7
Forfeited	(50,000)	1.85	2,000	-
Outstanding as of September 30, 2017	<u>5,675,000</u>	<u>\$ 1.47</u>	<u>\$ 2,594,000</u>	<u>4.5</u>
Options vested and expected to vest as of September 30, 2017	5,675,000	\$ 1.47	\$ 2,594,000	4.5
Options vested and exercisable as of September 30, 2017	1,862,500	\$ 1.16	\$ 1,420,000	3.9

Estimated future stock-based compensation expense relating to unvested employee stock options is approximately \$2.8 million as of September 30, 2017 and will be amortized over 2.8 years.

A summary of activity of options granted to non-employees for the nine months ended September 30, 2017 is presented below:

	Number of Shares	Weighted Average Exercise Price	Total Intrinsic Value	Weighted Average Remaining Contractual Life (in years)
Outstanding as of December 31, 2016	2,955,000	\$ 0.27	\$ 3,053,000	3.2
Non-employee options granted	250,000	1.95	-	4.8
Outstanding as of September 30, 2017	<u>3,205,000</u>	<u>\$ 0.40</u>	<u>\$ 4,815,000</u>	<u>2.7</u>
Options vested and expected to vest as of September 30, 2017	3,205,000	\$ 0.40	\$ 4,815,000	2.7
Options vested and exercisable as of September 30, 2017	2,255,000	\$ 0.34	\$ 3,519,000	2.5

Warrants

A summary of the status of the Company's outstanding warrants as of September 30, 2017 and changes during the nine months then ended is presented below:

	Number of Warrants	Weighted Average Exercise Price	Total Intrinsic Value	Weighted Average Remaining Contractual Life (in years)
Outstanding as of December 31, 2016	3,271,875	\$ 1.02	\$ 2,000,000	3.9
Issued	1,472,417	1.72	359,000	5.2
Outstanding as of September 30, 2017	<u>4,744,292</u>	<u>\$ 1.24</u>	<u>\$ 3,978,000</u>	<u>3.8</u>

Warrants exercisable as of September 30, 2017 4,494,292 \$ 1.24 \$ 3,803,000 3.7

During nine months ended September 30, 2017, the Company granted 500,000 warrants with an exercise price of \$1.20 to a service provider. 250,000 warrants were vested immediately, the other 250,000 warrants will be vested upon performance of the service. Warrants are valued using the Black-Scholes pricing model using the following primary assumptions: contractual term: 7 years, volatility rate of 85.44% and risk-free interest rate of 2.29%, resulting in expense of September 30, 2017 totals \$248,500.

Stock-based Compensation Expense

Stock-based compensation expense for the three and nine months ended September 30, 2017 and 2016 was comprised of the following (dollars in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Employee restricted stock awards	\$ -	\$ -	\$ -	\$ 136
Employee stock option awards	1,367	54	1,723	140
Non-employee option awards	273	(984)	983	1,435
Total compensation expense	<u>\$ 1,640</u>	<u>\$ (930)</u>	<u>\$ 2,706</u>	<u>\$ 1,711</u>

Note 8 - 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. The Company moved into the office on May 30, 2017. The Company is not required to pay the monthly rent until the fourth month.

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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. During the nine months ended September 30, 2017, \$100,000 restricted cash was released to the Company.

As of September 30, 2017, contractual minimal lease payments are as follows (in thousands):

	2017	\$	52
	2018		209
	2019		212
	2020		216
	2021		219
Thereafter			599
Total		<u>\$</u>	<u>1,507</u>

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 agreed to in November 2016 and 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 accounted for this transaction in the December 31, 2016 financial statements.

The Company maintained 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. On May 31, 2017, the Company terminated the lease.

Note 9 - Extinguishment of Accounts Payable

During nine months ended September 30, 2017, the Company issued 62,417 shares of common stock and 62,417 warrants to certain vendors in lieu of \$110,000 of outstanding accounts payable. The warrants have a 5-year term and a weighted-average exercise price of \$1.76. The fair value of common stock and warrant at the conversion date was approximately \$110,000 and \$82,000, respectively. The difference of \$82,000 was recorded as a debt extinguishment loss.

Note 10 - Subsequent Events

On November 1, 2017, the Company appointed Sam Pitroda to serve as Chief Executive Officer, succeeding Steve Fludder who submitted his resignation as Chief Executive Officer to the Company on October 30, 2017, with such resignation to be effective as of November 1, 2017. Mr. Fludder’s resignation and Mr. Pitroda’s appointment were each effective as of November 1, 2017. Mr. Fludder will continue to support the Company in a consulting capacity.

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 September 30, 2017 Compared to Three Months Ended September 30, 2016

General and administrative expenses were approximately \$1.8 million for the three months ended September 30, 2017 as compared to an income of approximately \$89,000 for the three months ended September 30, 2016. The expenses recorded in general and administrative mostly relates to stock based compensation expense of approximately \$1.5 million for the three months ended September 30, 2017 as compared to change in fair value of unvested non-employee awards which resulted in income of approximately \$329,000 for the three months ended September 30, 2016.

Legal and professional fees were approximately \$135,000 for the three months ended September 30, 2017 as compared to approximately \$221,000 for the three months ended September 30, 2016. The decrease in legal and professional fees was due to a decrease in legal services and audit fees incurred in relation to corporate matters for the three months ended September 30, 2017.

Research and development expenses were approximately \$473,000 for the three months ended September 30, 2017 as compared to an income of approximately \$381,000 for the three months ended September 30, 2016. The change in research and development expenses mostly relates to stock based compensation expense of approximately \$243,000 for the three months ended September 30, 2017 as compared to the change in fair value in unvested non-employee awards which was income of approximately \$601,000 for the three months ended September 30, 2016. Other increases in research and development expenses resulted from scaling up of our efforts to develop and demonstrate our technology.

Net loss attributable to non-controlling interest was approximately \$125,000 for the three months ended September 30, 2017 as compared to net income attributable to non-controlling interest of approximately \$29,000 for the three months ended September 30, 2016.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016

General and administrative expenses were approximately \$3.2 million for the nine months ended September 30, 2017 as compared to approximately \$1.4 million for the nine months ended September 30, 2016. The expenses recorded in general and administrative mostly relate to stock based compensation expense of approximately \$2.2 million for the nine months ended September 30, 2017.

Legal and professional fees were approximately \$390,000 for the nine months ended September 30, 2017 as compared to approximately \$466,000 for the nine months ended September 30, 2016. The decrease in legal and professional fees was due to a decrease in legal services and audit fees incurred in relation to corporate matters for the nine months ended September 30, 2017.

Research and development expenses were approximately \$1.1 million for the nine months ended September 30, 2017 as compared to approximately \$1.5 million for the nine months ended September 30, 2016. The decrease in research and development expenses mostly relates to decreased stock based compensation which was approximately \$783,000 and \$920,000 for the nine months ended September 30, 2017 and 2016, respectively.

Net loss attributable to non-controlling interest was approximately \$250,000 for the nine months ended September 30, 2017 as compared to approximately \$206,000 for the nine months ended September 30, 2016.

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 \$18.3 million at September 30, 2017, a net loss of approximately \$4.8 million and approximately \$1.6 million net cash used in operating activities for the nine months ended September 30, 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 deposits at September 30, 2017 includes \$50,000 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 September 30, 2017, we had an accumulated deficit of approximately \$18.3 million and working capital deficit of approximately \$163,000.

On May 17, 2017, we entered into a preferred stock purchase agreement with several accredited and institutional investors and issued 1,820 shares of Series A Preferred Stock and 910,000 warrants for total gross proceeds of \$1.8 million (including previous advances from related parties). The warrants have a 5-year term and an exercise price of \$2.00.

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):

	Nine Months Ended September 30,	
	2017	2016
Net cash used in operating activities	\$ (1,610)	\$ (963)
Net cash provided by (used in) investing activities	75	(218)
Net cash provided by financing activities	1,778	911
Net increase (decrease) in cash and cash equivalents	<u>\$ 243</u>	<u>\$ (270)</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. The Company moved into the office on May 30, 2017. The Company began paying the monthly rent during the quarter ended September 30, 2017.

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. During the nine months ended September 30, 2017, \$100,000 restricted cash was released to the Company.

As of September 30, 2017, contractual minimal lease payments are as follows (in thousands):

	2017	\$	52
	2018		209
	2019		212
	2020		216
	2021		219
	Thereafter		599
	Total	\$	<u>1,507</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 September 30, 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 Financial and Accounting Officer concluded that, as of September 30, 2017, 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 limited 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.

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 September 30, 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

Exhibit

Number	Description of Exhibit
31.1	<u>Certification of Principal Executive Officer and Principal Financial and Accounting Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32.1	<u>Certification of Principal Executive Officer and Principal Financial and Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
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: November 14, 2017

By: /s/ Jerome I. Feldman

Jerome I. Feldman
Executive Chairman and Treasurer

Date: November 14, 2017

By: /s/ Nathan J. Wasserman

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

