

Registrant's telephone number, including area code: (775) 856-2500

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period 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, or a non-accelerated filer, or a smaller reporting company. See the definitions of "accelerated filer", "large accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act): YES NO

As of November 15, 2016 the registrant had 11,606,735 shares of Common Stock outstanding.

ALTAIR NANOTECHNOLOGIES INC.

FORM 10-Q

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ended June 30,
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ALTAIR NANOTECHNOLOGIES INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED BALANCE SHEETS**

(Expressed in thousands of United States Dollars, except shares and per share amounts)

	June 30,	December
	2016	31,
	(Unaudited)	2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 466	\$2,088
Restricted cash	225	231
Short-term investment	24,833	25,410
Accounts receivable, net	1,059	523
Amount due from related parties	2,988	15,923
Notes receivable	-	74
Product inventories, net	11,345	7,671
Prepaid expenses and other current assets	8,615	7,728
Deferred contract costs	4,351	3,454
Total current assets	53,882	63,102
Prepaid expenses, non-current	5,022	3,792
Property, plant and equipment, net	46,676	36,395
Patents, net	9	47
Other non-current asset	3,835	4,138
Land use right, net	25,802	26,685
Total Assets	\$ 135,226	\$ 134,159
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Trade accounts payable	\$ 6,538	\$7,107
Amount due to related parties	28,547	25,459
Accrued salaries and benefits	1,761	1,914
Accrued warranty	98	168
Accrued liabilities	1,166	1,169
Deferred revenues and customer deposit	5,503	3,776
Deferred income - Grant Incentives	560	551
Warrant liabilities	1	1
Current portion of long term note payable	24,306	25,564
Other current liabilities	272	266
Short term note payable	43,291	44,973
Total current liabilities	112,043	110,948
Long term note payable	6,396	6,622
Other non-current liabilities	3,345	3,565
Deferred income - Grant Incentives - non-current	25,925	26,192

Total Liabilities	147,709	147,327
Commitments and contingencies		
Stockholders' (deficit) equity		
Common stock, \$0.001 par value, 200,000,000 shares authorized; 11,606,735 shares issued and outstanding at June 30, 2016 and December 31, 2015	12	12
Additional paid in capital	259,102	259,102
Accumulated deficit	(271,614)	(272,495)
Accumulated other comprehensive income	17	213
Total stockholders' deficit	(12,483)	(13,168)
Total Liabilities and Stockholders' Deficit	\$ 135,226	\$ 134,159

See notes to unaudited condensed consolidated financial statements

ALTAIR NANOTECHNOLOGIES INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Expressed in thousands of United States Dollars, except shares and per share amounts)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues				
Product sales	\$942	\$1,060	\$1,419	\$2,129
Product sales –Related Party	8,574	659	15,544	1,310
License fees	100	66	200	132
Commercial collaborations	83	47	83	108
Total revenues	9,699	1,832	17,246	3,679
Cost of goods sold				
Product costs	644	412	988	1,449
Cost to related party sales	5,199	851	9,755	1,922
Total cost of goods sold	5,843	1,263	10,743	3,371
Gross profit	3,856	569	6,503	308
Operating expenses				
Research and development	163	161	320	372
Sales and marketing	29	242	84	376
General and administrative	3,207	2,273	6,138	4,691
Depreciation and amortization	262	410	560	816
Gain on disposal of assets	(3	) -	(29) -
Total operating expenses	3,658	3,086	7,073	6,255
Gain (loss) from operations	198	(2,517	) (570	) (5,947
Other income (expense)				
Interest expense, net	(799	) (560	) (1,564	) (1,596
Change in market value of warrants	-	(1	) -	5
Gain (loss) on foreign exchange	90	-	90	(1
Other income -buses	6	9,538	11	9,538
Other expenses -buses	-	(11,819	) -	(11,819
Other income	2,754	131	2,914	364
Total other (expense) income	2,051	(2,711	) 1,451	(3,509
Net income (loss)	2,249	(5,228	) 881	(9,456
Other Comprehensive Income				
Foreign Currency Translation Adjustments	(235	) 13	(196	) 119
Comprehensive Income (Loss)	\$2,014	\$(5,215	) \$685	\$(9,337
Loss per common share - basic and diluted	\$0.19	\$(0.45	) \$(0.08	) \$(0.81
Weighted average shares - basic and diluted	11,606,735	11,606,735	11,606,735	11,606,735

See notes to unaudited condensed consolidated financial statements

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ALTAIR NANOTECHNOLOGIES INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in thousands of United States Dollars)

(Unaudited)

	Six Months Ended June 30,		
	2016		2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	\$ 881		\$ (9,456)
Adjustment to Reconcile Net loss to Net Cash Used in (Provided by) Operating Activities			
Depreciation and amortization	560		816
Accretion	(118)		(53)
Share-based compensation	-		50
Change in other receivable reserves	-		(2,858)
Change in fair value of warrants	-		(5)
Change in inventory reserves	47		-
<i>Changes in Operating Assets and Liabilities</i>			
Accounts receivable, net	(462)		(274)
Product inventories, net	(3,721)		(548)
Prepaid expenses and other current assets	(887)		10,494
Deferred contract costs	(897)		(487)
Trade accounts payable	2,764		(3,693)
Accrued salaries and benefits	(153)		201
Accrued warranty	(70)		12
Accrued liabilities	(3)		(20)
Deferred revenue and customer deposit	1,727		473
Deferred income - Grant Incentive	(258)		513
Other liabilities	(375)		2,138
Amounts due from related parties	(663)		8,597
Amounts due to related parties	(1,445)		16,975
Other non-current asset	582		(3,215)
Net Cash (Used in) Provided by Operating Activities	(2,491)		19,660
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(15,083)		(10,159)
Loan to (repayment from) related parties	275		(71)
Net Cash Used in Investing Activities	(14,808)		(10,230)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in restricted cash	-		350
Proceeds from trade acceptance	689		5,150
Repayment of trade acceptance	(5,105)		-

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Proceeds from notes payable	5,355		-	
Repayment of note payable	(2,395)	(21,742)
Proceeds of related party notes	17,856		8,419	
Net Cash Provided by (Used in) Financing Activities	16,400		(7,823)
Effect of exchange rate changes on cash and cash equivalents	(723	)	(42)
NET DECREASE (INCREASE) IN CASH AND CASH EQUIVALENTS	(1,622	)	1,565	
CASH AND CASH EQUIVALENTS, beginning of period	\$ 2,088		\$ 1,001	
CASH AND CASH EQUIVALENTS, end of period	\$ 466		\$ 2,566	
SUPPLEMENTAL CASH FLOW INFORMATION				
Cash paid during the period for:				
Income taxes	\$ -		\$ -	
Interest	3,017		2,957	
NONCASH INVESTING AND FINANCING ACTIVITIES				
Related parties debt settlement	\$ 13,323		\$ -	

See notes to unaudited condensed consolidated financial statements

ALTAIR NANOTECHNOLOGIES INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States Dollars)

Note 1 – Basis of Presentation and Going Concern

Description of the Company and Business

Altair Nanotechnologies Inc., (the “Company”) is a Delaware corporation that develops, manufactures and sells nano lithium titanate batteries and energy storage systems. The Company’s nano lithium titanate battery systems offer higher power density, longer cycle life, rapid charge and discharge capabilities, a wider operating temperature range and higher levels of safety than conventional lithium-ion batteries. The Company targets applications that utilize the key attributes of its technology with product applications mainly found in the electric grid, transportation (commercial vehicles), and industrial market segments.

Basis of Presentation

The interim consolidated financial statements of Altair Nanotechnologies Inc. and its subsidiaries (the “Company”) are unaudited. These condensed consolidated financial statements include all adjustments, consisting of normal recurring adjustments, considered necessary by management to fairly state the Company’s results of operations, financial position, and cash flows. The results reported in these condensed consolidated financial statements are not necessarily indicative of the results that may be expected for the entire year. The 2015 year-end balance sheet data was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America (GAAP). This Form 10-Q (this “Report”) should be read in conjunction with the Company’s Comprehensive Report on Form 10-K for the years ended December 31, 2015, which includes all disclosures required by GAAP.

Going Concern

The Company anticipates to continue to have negative cash flows from operations as it ramps up production at their new manufacturing facilities. If the Company is not able to refinance its debt or obtain additional capital, the Company will not be able to pay off its current debt obligations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The company financial statements do not include any adjustments relating to the recoverability and classification of asset amounts or the classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon our ability to raise additional capital and to ultimately generate revenues at a level that will result in profitability and positive cash flows from operations. To address these matters, we are taking actions to refinance existing loans if needed, obtain capital leases, obtain additional loans collateralized by the land use rights, third party guarantees and other assets, and obtain approval for additional grant incentives from the government of Wu'an, China. However, there can be no assurance that additional grant funds to support our capital needs will be available to us and that we will be able to refinance existing loans, obtain additional loans, or raise further funds through other sources such as through an equity offering. Even if we are able to obtain additional financing, it may contain undue restrictions, be on terms that are not satisfactory to us, or contain covenants on our operations, in the case of debt financing, or cause substantial dilution for our stockholders, in the case of convertible debt and equity financing.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and its subsidiaries which include (1) Altair U.S. Holdings, (2) Altairnano, Inc., (3) Altair Nanotechnologies (China) Co., Ltd., and (4) Northern Altair Nanotechnologies Co., Ltd. All of the subsidiaries are either incorporated in the United States of America or China. Inter-company transactions and balances have been eliminated in consolidation.

Recently Adopted and Recently Issued Accounting Guidance

Recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's financial position, results of operations or cash flows.

ALTAIR NANOTECHNOLOGIES INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States Dollars)

Note 2 – Restricted Cash

The Company's restricted cash represents cash required to be used for the State Grid Corporation project.

As of June 30, 2016 and of December 31, 2015, cash of \$0.23 million and \$0.23 million is restricted as performance guarantee for China State Grid Project, respectively.

Note 3 – Fair Value Measurements and Other Financial Measurements

The carrying amounts of cash, accounts receivable, accounts payable, and notes payable approximate fair value due to the short-term nature of these instruments. The carrying amounts of the Company's short term credit obligations approximate fair value because the effective yields on these obligations are comparable to rates of returns for instruments of similar credit risk. The Company performs recurring fair-value measurements for its warrant liabilities.

The fair values and corresponding classifications under the appropriate level of the fair value hierarchy of outstanding warrants recorded as recurring liabilities in the consolidated balance sheet were recorded using level 3 inputs based on a Monte Carlo option simulation model, which uses prevailing interest rates, Company's stock price volatility and expected warrant term. Based on the valuation model used by the Company, the value of the warrant liability was determined to be \$nil for the quarter ended June 30, 2016 and the year ended December 31, 2015, respectively. The change in the fair value of the warrants are recorded in Other (expense) income for each of the periods presented.

During the years ended December 31, 2014 and 2015, the Company has entered into several agreements to provide financial guarantees in relation to the EV Bus sales (See note 4). The Company engaged a third party valuation expert to determine the fair value of the financial guarantees. Fair value (level 3) of the financial guarantee at June 30, 2016 and December 31, 2015 amounted to \$nil and \$0.21 million, respectively.

NOTE 4 – ELECTRIC BUS SALES

On April 19, 2012, the Company entered into an Agreement (the "Agreement") with Wu'an Municipal People's Government ("Wu'an") and Handan Municipal People's Government ("Handan Government") regarding the establishment by Altair China of a manufacturing facility in the City of Wu'an, in Hebei Province in China. The Agreement also indicates the purchase by Wu'an and Handan of EV Buses beginning in late 2012 and continuing over five years, and the future purchase of electric taxis and energy storage systems. No EV Buses were sold during the six months ended June 30, 2016.

In connection with the EV bus sales to Handan in prior year, the Company agreed to provide to a third-party leasing entity a security deposit equals to 20% of the contract price. The security deposit is refundable over ten-year period when Handan completed its obligations to the third-party leasing entity. The difference between the present value of the refundable security deposit and the gross amount was recorded as current period other expense and unearned interest income to the security deposit (Note 6). The unearned interest income is amortized straight line over the refund period of 10 years.

In addition, the Company agreed to pay an initial 8% of the contract price for rebates and to make subsequent quarterly payments, for a ten-year period, to a third-party leasing company as an incentive. The net present value of the quarterly payments is recorded as current period expense. The difference between the present value of subsequent quarterly payments and the gross amount was recorded as unrecognized interest expense and then amortized over ten-year period.

ALTAIR NANOTECHNOLOGIES INC. AND SUBSIDIARIES**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(Expressed in United States Dollars)****Note 5 – PRODUCT Inventories**

Inventory relates to the production of battery systems targeted at the electric grid, transportation, and industrial markets, which consisted of the following (in thousands of dollars):

	June 30, 2016	December 31, 2015
Raw materials	\$1,688	\$ 2,800
Work in process	2,530	1,041
Finished goods	7,127	3,830
Total product inventories	\$11,345	\$ 7,671

The Company recorded reserve for inventories of \$0.05 million as of June 30, 2016 and \$0.13 million as of December 31, 2015, respectively.

Note 6 – PREPAID expenses AND oTHER Assets

Prepaid expenses and other current and non-current assets consist of the following (in thousands of dollars):

	June 30, 2016	December 31, 2015
Prepaid inventory purchases	\$780	\$ 623
Prepaid Service Fee	832	1,016
Prepaid VAT	4,185	3,207

Current portion of long term receivable 1,646