

Edgar Filing: Lithium Corp - Form 10-Q

Lithium Corp  
Form 10-Q  
May 20, 2011

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

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2011

or

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-54332

LITHIUM CORPORATION

(Exact name of registrant as specified in its charter)

Nevada  
(State or Other Jurisdiction of  
Incorporation or Organization)

98-0530295  
(IRS Employer  
Identification No.)

200 S Virginia St - 8th Floor, Reno, Nevada  
(Address of Principal Executive Offices)

89501  
(Zip Code)

775.398.3047

(Registrant's Telephone Number, Including Area Code)

N/A

(Former name, former address and former fiscal year,  
if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (ss.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

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

Indicate by check mark whether the registrant is a shell company (as defined in

## Edgar Filing: Lithium Corp - Form 10-Q

Rule 12b-2 of the Exchange Act [ ] YES [X] NO

### APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. [ ] YES [ ] NO

### APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

63,661,408 common shares issued and outstanding as of May 19, 2011.

### LITHIUM CORPORATION

### FORM 10-Q INDEX

### TABLE OF CONTENTS

#### PART I - FINANCIAL INFORMATION

Item 1. Financial Statements	3
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	17
Item 3. Quantitative and Qualitative Disclosures About Market Risk	25
Item 4T. Controls and Procedures	25

#### PART II - OTHER INFORMATION

Item 1. Legal Proceedings	26
Item 1A. Risk Factors	26
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	26
Item 3. Defaults Upon Senior Securities	26
Item 4. [Removed and Reserved]	26
Item 5. Other Information	26
Item 6. Exhibits	27

2

#### PART I - FINANCIAL INFORMATION

##### ITEM 1. FINANCIAL STATEMENTS

Our unaudited interim financial statements for the three month period ended March 31, 2011 form part of this quarterly report. They are stated in United States Dollars (US\$) and are prepared in accordance with United States generally accepted accounting principles.

Edgar Filing: Lithium Corp - Form 10-Q

3

Lithium Corporation  
 (An Exploration Stage Company)  
 Consolidated Balance Sheets  
 (unaudited)

	March 31, 2011
	-----
ASSETS	
CURRENT ASSETS	
Cash	\$ 1,326,273
Prepaid expenses	51,087
	-----
Total Current Assets	1,377,360
	-----
OTHER ASSETS	
Computer equipment, net of amortization	248
Mineral properties	582,751
	-----
Total Other Assets	582,999
	-----
TOTAL ASSETS	\$ 1,960,359
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	
LIABILITIES	
Current Liabilities	
Accounts payable and accrued liabilities	\$ 37,641
Due to directors, net	5,350
	-----
Total Current Liabilities	42,991
	-----
TOTAL LIABILITIES	42,991
	-----
Commitments and contingencies	
STOCKHOLDERS' EQUITY	
Common stock, 3,000,000,000 shares authorized, par value \$0.001; 63,081,144 common shares issued and outstanding (2009 - 62,917,288)	63,081
Additional paid in capital	1,520,131
Additional paid in capital - options	244,045
Additional paid in capital - warrants	1,252,243
Deficit accumulated during the exploration stage	(1,162,132)
	-----
Total Stockholders' Equity	1,917,368
	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,960,359
	=====

The accompanying notes are an integral part of these

# Edgar Filing: Lithium Corp - Form 10-Q

consolidated financial statements

4

Lithium Corporation  
 (An Exploration Stage Company)  
 Consolidated Statements of Operations (unaudited)  
 For the Three Months Ended March 31, 2011 and 2010  
 For the Period from January 30, 2007 (Inception) to March 31, 2011

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	
	-----	-----	
REVENUE	\$           --	\$           --	\$
	-----	-----	
EXPENSES			
Professional fees	1,814	7,463	
Amortization	250	250	
Exploration expenses	39,410	35,688	
Consulting fees	--	--	
Insurance expense	3,860	--	
Investor relations	13,835	38,655	
Interest expense	--	4,069	
Management fees	--	9,200	
Transfer agent and filing fees	2,342	602	
Travel	6,092	2,199	
Stock option compensation	--	--	
Website development costs	--	--	
Write-down of website costs	--	--	
Write-down of mineral properties	--	--	
General and administrative	1,557	7,511	
	-----	-----	
TOTAL EXPENSES	69,160	105,637	
	-----	-----	
LOSS BEFORE FROM OPERATIONS	(69,160)	(105,637)	
OTHER ITEM:			
Interest income	(414)	--	
	-----	-----	
LOSS BEFORE INCOME TAXES	(68,746)	(105,637)	
PROVISION FOR INCOME TAXES	--	--	
	-----	-----	
NET LOSS	\$   (68,746)	\$   (105,637)	\$
	=====	=====	
NET LOSS PER SHARE: BASIC AND DILUTED	\$           nil	\$           nil	
	=====	=====	
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:			
BASIC AND DILUTED	63,062,398	60,753,097	
	=====	=====	

## Edgar Filing: Lithium Corp - Form 10-Q

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

5

Lithium Corporation  
(An Exploration Stage Company)  
Consolidated Statement of Stockholders' Equity  
For the Period from January 30, 2007 (Inception) to March 31, 2011

	Common Stock		Additional	Additional	Additional
	Shares	Amount	Paid in Capital	Paid in Capital - Warrants	Paid in Capital - Options
	-----	-----	-----	-----	-----
Balance, January 30, 2007 (date of inception)	--	\$ --	\$ --	\$ --	\$ --
Shares issued to founder on January 30, 2007 @ \$0.001 per share (par value \$0.001 per share)	240,000,000	240,000	(220,000)	--	--
Net loss for the period ended December 31, 2007	--	--	--	--	--
Balance, December 31, 2007	240,000,000	240,000	(220,000)	--	--
Common stock issued for cash @ \$0.10 per share	28,200,000	28,200	18,800	--	--
Net loss for the year ended December 31, 2008	--	--	--	--	--
Balance, December 31, 2008	268,200,000	268,200	(201,200)	--	--
Shares issued in conjunction with merger	12,350,000	12,350	537,355	--	--
Shares cancelled	220,000,000)	(220,000)	220,000	--	--
Net loss for the year ended December 31, 2009	--	--	--	--	--
Balance, December 31, 2009	60,550,000	60,550	556,155	--	--
Shares issued with respect to Fish Lake	367,288	368	174,632	--	--
Common stock issued for cash @ \$1.00 per share	2,000,000	2,000	745,757	1,252,243	--
Stock options issued	--	--	--	--	244,045
Net loss for the year ended December 31, 2010	--	--	--	--	--
Balance, December 31, 2010	62,917,288	62,918	1,476,544	1,252,243	244,045

Edgar Filing: Lithium Corp - Form 10-Q

Shares issued with respect to Fish Lake	163,856	163	43,587	--	--
Net loss for the period ended March 31, 2011	--	--	--	--	--
Balance, March 31, 2011	63,081,144	\$ 63,081	\$1,520,131	\$1,252,243	\$244,045

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

6

Lithium Corporation  
(An Exploration Stage Company)  
Consolidated Statements of Cash Flows  
For the Three Months Ended March 31, 2011 and 2010  
For the Period from January 30, 2007 (Inception) to March 31, 2011

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Cash Flows from Operating Activities:		
Net loss for the period	\$ (68,746)	\$ (105,637)
Adjustment for non-cash items:		
Write-down of software development	--	--
Write-down of mineral properties	--	--
Stock option compensation expense	--	--
Amortization	250	250
Changes in assets and liabilities:		
(Increase) Decrease in prepaid expenses	11,814	20,250
Increase (decrease) in accounts payable and accrued liabilities	(4,246)	(49,926)
Cash used in operating activities	(60,928)	(134,793)
Cash Flows from Investing Activities:		
Purchase of equipment	--	--
Purchase of software development	--	--
Interest in mineral properties	(11,557)	(58,658)
Cash used in investing activities	(11,557)	(58,658)
Cash Flows from Financing Activities:		
Proceeds from (repayment) of loan payable	--	(5,548)
Proceeds from (repayment to) director	--	--
Proceeds from sale of stock	--	2,000,000
Cash provided by financing activities	--	1,994,552
Increase (Decrease) in cash	(72,485)	1,801,101

Edgar Filing: Lithium Corp - Form 10-Q

Cash, beginning of period	1,398,758	360,511
	-----	-----
Cash, end of period	\$ 1,326,273	\$ 2,161,612
	=====	=====
Supplemental Cash Flow Information:		
Cash paid for interest	\$ --	\$ --
	=====	=====
Cash paid for income taxes	\$ --	\$ --
	=====	=====
Supplemental Non-Cash Investing and Financing Information:		
Common stock issued for mineral properties	\$ 43,750	\$ 43,750
	=====	=====

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

7

Lithium Corporation  
(An Exploration Stage Company)  
Notes to Consolidated Financial Statements  
March 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lithium Corporation (formerly Utalk Communications Inc.) was incorporated on January 30, 2007 under the laws of Nevada. On September 30, 2009, Utalk Communications Inc. changed its name to Lithium Corporation.

Nevada Lithium Corp. was incorporated on March 16, 2009 under the laws of Nevada under the name Lithium Corp. On September 10, 2009, the Company amended its articles of incorporation to change its name to Nevada Lithium Corp. Lithium intends to engage in the exploration of certain lithium interests in the state of Nevada. The Company is in the exploration stage. These consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles.

USE OF ESTIMATES

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

The accompanying unaudited interim financial statements of Lithium Corp., have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission, and should be read in conjunction with the audited financial statements and notes thereto contained in Lithium Corp.'s Annual Report filed with the SEC on Form 10-K. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosure contained in the audited financial statements for fiscal 2009 as reported in the form 10-K have been omitted.

## Edgar Filing: Lithium Corp - Form 10-Q

### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of our wholly-owned subsidiary. All material inter-company transactions have been eliminated.

### LOSS PER SHARE

Basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. In the periods in which a loss is incurred, the effect of potential issuances of shares under options and warrants would be anti-dilutive, and therefore basic and diluted losses per share are the same.

### CASH AND CASH EQUIVALENTS

Cash includes cash on account, demand deposits, and short-term instruments with maturities of three months or less.

### COMPUTER EQUIPMENT

Computer equipment is stated on the basis of historical cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets which has been estimated as 2 years. Impairment losses are recorded on computer equipment used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount.

8

Lithium Corporation  
(An Exploration Stage Company)  
Notes to Consolidated Financial Statements  
March 31, 2011

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### INCOME TAXES

The asset and liability approach is used to account for income taxes by recognizing deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities.

#### FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, interest payable, and loans payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. Because of the short maturity and capacity of prompt liquidation of such assets and liabilities, the fair value of these financial instruments approximate their carrying values, unless otherwise noted.

#### MINERAL PROPERTIES

Costs of exploration, carrying and retaining unproven mineral lease properties are expensed as incurred. Mineral property acquisition costs are capitalized including licenses and lease payments. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects. Impairment losses are recorded on mineral properties used in operations when indicators of impairment are present and the undiscounted cash flows estimated



## Edgar Filing: Lithium Corp - Form 10-Q

to be generated by those assets are less than the assets' carrying amount.

### VARIABLE INTEREST ENTITIES

In June 2009, the FASB issued changes to require an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity; to require ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity; to eliminate the quantitative approach previously required for determining the primary beneficiary of a variable interest entity; to add an additional reconsideration event for determining whether an entity is a variable interest entity when any changes in facts and circumstances occur such that holders of the equity investment at risk, as a group, lose the power from voting rights or similar rights of those investments to direct the activities of the entity that most significantly impact the entity's economic performance; and to require enhanced disclosures that will provide users of financial statements with more transparent information about an enterprise's involvement in a variable interest entity. The guidance became effective for the Company on February 1, 2010. The adoption of the guidance did not have an impact on the Company's consolidated financial statements.

### CODIFICATION OF GAAP

In June 2009, the FASB issued guidance to establish the Accounting Standards Codification TM ("Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The FASB will no longer issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts; instead, the FASB will issue Accounting Standards Updates ("ASU"). ASUs will not be authoritative in their own right as they will only serve to update the Codification. The issuance of SFAS 168 and the Codification does not change GAAP. The guidance became effective for the Company for the period ending October 31, 2009. The adoption of the guidance did not have an impact on the Company's consolidated financial statements.

9

Lithium Corporation  
(An Exploration Stage Company)  
Notes to Consolidated Financial Statements  
March 31, 2011

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### SUBSEQUENT EVENTS

On July 31, 2009, the Company adopted changes issued by the FASB that establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Specifically, the guidance sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. The Company has evaluated subsequent events through the date the financial statements were issued.

#### BUSINESS COMBINATIONS

The Company adopted the changes issued by the FASB that requires the acquiring

## Edgar Filing: Lithium Corp - Form 10-Q

entity in a business combination to recognize all (and only) the assets acquired and liabilities assumed in the transaction; establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed; and requires the acquirer to disclose additional information needed to evaluate and understand the nature and financial effect of the business combination.

The Company also adopted the changes issued by the FASB which requires assets and liabilities assumed in a business combination that arise from contingencies be recognized on the acquisition date at fair value if it is more likely than not that they meet the definition of an asset or liability; and requires that contingent consideration arrangements of the target assumed by the acquirer be initially measured at fair value. The guidance is effective for the Company's acquisitions occurring on or after February 1, 2009.

### NON-CONTROLLING INTERESTS

In December 2007, the FASB issued changes to establish accounting and reporting standards for all entities that prepare consolidated financial statements that have outstanding non-controlling interests, sometimes called minority interest. These standards require that ownership interests in subsidiaries held by outside parties be clearly identified, labelled and presented in equity separate from the parent's equity; the amount of net income attributable to the parent and the non-controlling interest be separately presented on the consolidated statement of income; accounting standards applied to changes in a parent's interest be consistently applied; fair value measurement upon deconsolidation of a non-controlling interest be used; and the interests of the non-controlling owners be already identified and distinguished. The adoption of this guidance had no impact on the Company's consolidated financial statements.

### INTANGIBLE ASSETS

In April 2008, the FASB adopted changes to require companies estimating the useful life of a recognized intangible asset to consider their historical experience in renewing or extending similar arrangements or, in the absence of historical experience, to consider assumptions that market participants would use about renewal or extension as adjusted for entity-specific factors. The guidance is effective for fiscal years beginning after December 15, 2008 and is to be applied prospectively to intangible assets whether acquired before or after the effective date. The Company adopted the guidance on February 1, 2009. The adoption had no impact on the Company's consolidated financial statements.

10

Lithium Corporation  
(An Exploration Stage Company)  
Notes to Consolidated Financial Statements  
March 31, 2011

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### HIERARCHY OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("GAAP")

In May 2008, the FASB issued changes to identify the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with GAAP (the GAAP hierarchy). The guidance is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU section 411, THE MEANING OF PRESENT FAIRLY IN CONFORMITY WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES. Management is currently evaluating the guidance and assessing the impact, if any, on the Company's consolidated financial statements.

#### REVENUE RECOGNITION

## Edgar Filing: Lithium Corp - Form 10-Q

In September 2009, the FASB issued new revenue recognition guidance on multiple deliverable arrangements. It updates the existing multiple-element revenue arrangements guidance currently included under the Accounting Standards Codification ("ASC") 605-25. The revised guidance primarily provides two significant changes: 1) eliminates the need for objective and reliable evidence of the fair value for the undelivered element in order for a delivered item to be treated as a separate unit of accounting, and 2) requires the use of the relative selling price method to allocate the entire arrangement consideration. In addition, the guidance also expands the disclosure requirements for revenue recognition. ASU 2009-13 will be effective for the first annual reporting period beginning on or after fiscal 2011, with early adoption permitted provided that the revised guidance is retroactively applied to the beginning of the year of adoption. Management is currently evaluating the impact of adopting this guidance on the Company's consolidated financial statements.

### NOTE 2 - GOING CONCERN

Lithium's financial statements are prepared using generally accepted accounting principles applicable to a going concern, which contemplates that the Company will continue in operation for the foreseeable future and will realize its assets and liquidate its liabilities in the normal course of business. However, Lithium has no current source of revenue, recurring losses and a deficit accumulated during the exploration stage of \$1,162,132 as of March 31, 2011. These factors, among others, raise, substantial doubt about the Company's ability to continue as a going concern. Lithium's management plans on raising cash from public or private debt or equity financing, on an as-needed basis and in the longer term, revenues from the acquisition, exploration and development of mineral interests, if found. Lithium's ability to continue as a going concern is dependent on these additional cash financings and, ultimately, upon achieving profitable operations through the development of mineral interests. The successful outcome of future activities cannot be determined at this time. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

11

Lithium Corporation  
(An Exploration Stage Company)  
Notes to Consolidated Financial Statements  
March 31, 2011

### NOTE 3 - ACQUISITION OF NEVADA LITHIUM CORP.

On October 9, 2009, Lithium Corporation completed the acquisition of Nevada Lithium Corp. whereby it issued 12,350,000 common shares in exchange for 100% of the issued and outstanding common shares of Nevada Lithium Corp. This acquisition has been accounted for using the acquisition method (purchase method?).

The deemed value of the acquisition was \$549,705 based upon the fair value of consideration received.

Assets Purchased:	
Cash	\$ 506,213
Prepaid expenses	25,000
Equipment	1,514
Mineral Properties	197,775
Liabilities Assumed:	
Accounts payable	(750)
Due to related parties	(6,628)
Loans payable	(169,463)

## Edgar Filing: Lithium Corp - Form 10-Q

	-----
Consideration Paid	\$ 553,661
	=====

Consideration was paid through the issuance of 12,350,000 share of common stock.

### NOTE 4 - PREPAID EXPENSES

Prepaid expenses consisted of the following:

	March 31, 2011	December 31, 2010
	-----	-----
Professional fees	\$ 15,813	\$ 10,275
Exploration costs	34,975	47,327
Rent	298	298
Consulting	--	5,000
	-----	-----
Total prepaid expenses	\$ 51,086	\$ 62,900
	=====	=====

### NOTE 5 - COMPUTER EQUIPMENT

	Cost	Accumulated Depreciation	Net Book Value
	----	-----	-----
Computer Equipment	\$2,002	\$1,754	\$ 248
	=====	=====	=====

12

Lithium Corporation  
(An Exploration Stage Company)  
Notes to Consolidated Financial Statements  
March 31, 2011

### NOTE 6 - MINERAL PROPERTIES

#### FISH LAKE PROPERTY

The Company has purchased a 100% interest in the Fish Lake property \$350,000 worth of equity whereby title shall be transferred to the Company through quit claim deed upon the final stock disbursement. Stock disbursements shall be made quarterly upon the following schedule:

- 1st Disbursement: Within 10 days of signing agreement (paid)
- 2nd Disbursement: within 10 days of June 30, 2009 (paid)
- 3rd Disbursement: within 10 days of December 30, 2009 (paid)
- 4th Disbursement: within 10 days of March 31, 2010 (paid)
- 5th Disbursement: within 10 days of June 30, 2010 (paid)
- 6th Disbursement: within 10 days of September 30, 2010 (paid)
- 7th Disbursement: within 10 days of December 31, 2010 (paid)
- 8th Disbursement: within 10 days of March 31, 2011 (paid)

In addition, the Company will be required to expend \$250,000 on the property over the term of the lease.

#### STAKED PROPERTIES

## Edgar Filing: Lithium Corp - Form 10-Q

The Company has staked claims with various registries as summarized below:

Name ----	Claims (Area in Acres) -----	Amount -----
Salt Wells	156 (12,480)	\$73,318
Cortez	62 (4,960)	\$43,595
Other		\$ 6,800

### NOTE 7 - CAPITAL STOCK

The Company is authorized to issue 300,000,000 shares of its \$0.001 par value common stock. On September 30, 2009, the Company effected a 60-for-1 forward stock split of its \$0.001 par value common stock.

All share and per share amounts have been retroactively restated to reflect the splits discussed above.

#### COMMON STOCK

On January 30, 2007, the Company issued 240,000,000 shares of its common stock to founders for proceeds of \$20,000.

During the year-ended December 31, 2008, the Company issued 28,200,000 shares of its common stock for total proceeds of 47,000.

On October 9, 2009, the Company cancelled 220,000,000 shares of its common stock. Also on October 9, 2009, the Company issued 12,350,000 shares of its common stock for 100 percent of the issued and outstanding stock of Nevada Lithium Corp. Refer to Note 3.

On January 10, 2010, the Company issued 53,484 shares of its common stock as part of the Fish Lake Property acquisition.

13

Lithium Corporation  
(An Exploration Stage Company)  
Notes to Consolidated Financial Statements  
March 31, 2011

### NOTE 7 - CAPITAL STOCK (CONTINUED)

#### COMMON STOCK (CONTINUED)

On March 24, 2010, the Company issued 2,000,000 units in a private placement, raising gross proceeds of \$2,000,000, or \$1.00 per unit. Each unit consists of one common share in the capital of our company and one non-transferable common share purchase warrant. Each whole common share purchase warrant non-transferable entitles the holder thereof to purchase one share of common stock in the capital of our company, for a period of twelve months commencing the closing, at a purchase price of \$1.20 per warrant share and at a purchase price of \$1.35 per warrant share for a period of twenty-four months thereafter.

On April 30, 2010, the Company issued 38,068 shares of its common stock as part of the Fish Lake Property acquisition.

On July 10, 2010, the Company issued 104,168 shares of its common stock as part of the Fish Lake Property acquisition.

On October 10, 2010, the Company issued 171,568 of its common stock as part of

## Edgar Filing: Lithium Corp - Form 10-Q

the Fish Lake Property acquisition.

On January 10, 2011, the Company issued 163,856 shares of its common stock as part of the Fish Lake Property acquisition.

There were 63,081,144 shares of common stock issued and outstanding as of March 31, 2011.

### WARRANTS

Issue Date -----	Number -----	Price -----	Expiry Date -----	Outstanding at March 31, 2011 -----
March 24, 2010	2,000,000	\$1.20	March 24, 2011	--
March 24, 2011	2,000,000	\$1.35	March 24, 2013	2,000,000

The warrants were valued using the black scholes option pricing model using the following assumptions: term of 1 and years, dividend yield of 0%, risk free interest rates of 0.03% and 1.60% and volatility of 110%. The fair value of the warrants was adjusted against additional paid in capital.

14

Lithium Corporation  
(An Exploration Stage Company)  
Notes to Consolidated Financial Statements  
March 31, 2011

### NOTE 7 - CAPITAL STOCK (CONTINUED)

#### STOCK BASED COMPENSATION

The Company granted 500,000 options at an exercise price of \$0.28 to consultants in exchange for various professional services. The Company granted another 800,000 options to consultants for management services at exercise price of \$0.24. These options were vested on the date of grant. The Company uses the Black-Scholes option valuation model to value stock options granted. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates, which are subjective and may not be representative of actual results. Assumptions used to determine the fair value of the stock based compensation is as follows:

Risk free interest rate	2.40%
Expected dividend yield	0%
Expected stock price volatility	93%
Expected life of options	5 years

Exercise Prices -----	Total Options Outstanding -----	Weighted Average Remaining Life (Years) -----	Total Weighted Average Exercise Price -----	Options Exercisable -----
\$0.28	500,000	4.75	\$0.28	500,000
\$0.24	800,000	4.75	\$0.24	800,000

Total stock-based compensation for the year- ended December 31, 2010 was \$244,045.

## Edgar Filing: Lithium Corp - Form 10-Q

The following table summarizes the stock options outstanding at March 31, 2011:

Issue Date -----	Number -----	Price -----	Expiry Date -----	Outstanding at March 31, 2011 -----
September 23, 2010	500,000	\$0.28	September 23, 2011	500,000
September 23, 2010	800,000	\$0.24	September 23, 2011	800,000

15

Lithium Corporation  
(An Exploration Stage Company)  
Notes to Consolidated Financial Statements  
March 31, 2011

### NOTE 8 - INCOME TAXES

The Company did not provide any current or deferred United States federal, state or foreign income tax provision or benefit for the period presented because it has experienced operation losses since inception. The Company has provided a full valuation allowance on the deferred tax asset, consisting primarily of net operating loss carry-forwards, because of uncertainty regarding its realization.

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the net deferred taxes at March 31, 2011 and December 31, 2010 are as follows:

	March 31, 2011 -----	December 31, 2010 -----
Deferred tax asset attributable to:		
Net operating losses carried forward	\$ 255,669	\$ 240,545
Valuation allowance	(255,669)	(240,545)
	-----	-----
Total net deferred tax asset	\$ --	\$ --
	=====	=====

Lithium follows Statement of Financial Accounting Standards Number 109 (SFAS 109) (ASC 740-10), "Accounting for Income Taxes." SFAS No. 109 (ASC 740-10) requires a valuation allowance, if any, to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Management has determined that a valuation allowance of \$255,669 at March 31, 2011 is necessary to reduce the deferred tax assets to the amount that will more likely not be realized.

At March 31, 2011, the Company had net operating loss carry-forwards amounting to approximately \$1,162,132 that expire in various amounts through 2030 in the U.S.

### NOTE 9 - SUBSEQUENT EVENTS

The Company has analyzed its operations subsequent to March 31, 2011 and through May 16, 2011, the date these financial statements were issued, and has determined that it does not have any other material subsequent events to disclose.

16

## Edgar Filing: Lithium Corp - Form 10-Q

### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

#### FORWARD LOOKING STATEMENTS

This quarterly report contains forward-looking statements. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our unaudited financial statements are stated in United States Dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles. The following discussion should be read in conjunction with our financial statements and the related notes that appear elsewhere in this quarterly report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this quarterly report.

Our financial statements are stated in United States Dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles.

In this annual report, unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to "common shares" refer to the common shares in our capital stock.

As used in this quarterly report, the terms "we," "us," "our" and "our company" mean Lithium Corporation, unless otherwise indicated and the term "Nevada Lithium" means our wholly owned subsidiary, Nevada Lithium Corporation, a Nevada corporation.

#### GENERAL OVERVIEW

We were incorporated under the laws of the State of Nevada on January 30, 2007 under the name "Utalk Communications Inc." At inception, we were a development stage corporation engaged in the business of developing and marketing a call-back service using a call-back platform. Because we were not successful in implementing our business plan, we considered various alternatives to ensure the viability and solvency of our company.

On August 31, 2009, we entered into a letter of intent with Nevada Lithium Corporation regarding a business combination which may be effected in one of several different ways, including an asset acquisition, merger of our company and Nevada Lithium Corporation, or a share exchange whereby we would purchase the shares of Nevada Lithium Corporation from its shareholders in exchange for restricted shares of our common stock.

Effective September 30, 2009, we affected a 1 old for 60 new forward stocks



## Edgar Filing: Lithium Corp - Form 10-Q

split of our issued and outstanding common stock. As a result, our authorized capital increased from 50,000,000 shares of common stock with a par value of \$0.001 to 3,000,000,000 shares of common stock with a par value of \$0.001 and our issued and outstanding shares increased from 4,470,000 shares of common stock to 268,200,000 shares of common stock.

17

Also effective September 30, 2009, we changed our name from "Utalk Communications, Inc." to "Lithium Corporation", by way of a merger with our wholly owned subsidiary Lithium Corporation, which was formed solely for the change of name. The name change and forward stock split became effective with the Over-the-Counter Bulletin Board at the opening for trading on October 1, 2009 under the new stock symbol "LTUM". Our CUSIP number is 536804 107.

On October 9, 2009, we entered into a share exchange agreement with Nevada Lithium Corporation, a Nevada corporation, and the shareholders of Nevada Lithium Corporation. The closing of the transactions contemplated in the share exchange agreement and the acquisition of all of the issued and outstanding common stock in the capital of Nevada Lithium Corporation occurred on October 19, 2009. In accordance with the closing of the share exchange agreement, we issued 12,350,000 shares of our common stock to the former shareholders of Nevada Lithium Corporation in exchange for the acquisition, by our company, of all of the 12,350,000 issued and outstanding shares of Nevada Lithium Corporation. Also, pursuant to the terms of the share exchange agreement, a director of our company cancelled 220,000,000 restricted shares of our common stock.

We are an exploration stage mining company engaged in the identification, acquisition and exploration of metals and minerals with a focus on lithium mineralization on properties located in Nevada.

### OUR CURRENT BUSINESS

We are an exploration stage mining company engaged in the identification, acquisition and exploration of metals and minerals with a focus on lithium mineralization on properties located in Nevada.

Our current operational focus is to conduct exploration activities on our projects in Nevada, known as the Fish Lake Valley, Salt Wells, and Cortez properties.

### FISH LAKE VALLEY PROPERTY

Fish Lake Valley is a lithium enriched salinity (also known as a Playa, dry lake, or Salt Pan), which is located in west central Nevada in northern Esmeralda county, and the property is roughly centered at 417050E 4195350N (NAD 27 CONUS). We currently hold 80 acre Association Placer claims that cover approximately 6400 acres. Lithium-enriched tertiary-era Fish Lake formation rhyolitic tuffs or ash flow tuffs have accumulated in a valley or basinal environment. Over time interstitial formational waters in contact with these tuffs, have become enriched in lithium, which could possibly be amenable to the extraction by evaporative methods. Additionally evaporative brine mining is environmentally benign, and is achieved with a minimal carbon footprint. The geological setting at Fish Lake Valley is highly analogous to the salars of Chile, Bolivia, and Peru. Access is excellent in Fish Lake Valley with all weather gravel roads leading to the property from State Highways 264, and 265, and maintained gravel roads ring the Playa. Power is available approximately 15 kilometers from the property, and the village of Dyer is approximately 20 kilometers to the south, while the town of Tonopah Nevada is approximately 75 kilometers to the East. The company has completed a number of geochemical and geophysical studies on the property, and conducted a short drill program on the periphery of the playa in

## Edgar Filing: Lithium Corp - Form 10-Q

the Fall of 2010. The company plans to drill this property later on in the summer of 2011. The property is held under mining lease purchase agreement dated June 1, 2009 between Nevada Lithium Corporation, and Nevada Alaska Mining Co. Inc., Robert Craig, Barbara Craig, and Elizabeth Dickman. Nevada Lithium has agreed to issue the vendors \$350,000 worth of common stock of the company in eight regular disbursements, the last of which is slated to occur on March 31st 2011. To date all disbursements have been made of stock worth a total of \$350,000, and the company is awaiting assignment of its 100% interest in the claims.

18

### SALT WELLS

The Salt Wells property was acquired through staking in the Fall of 2009. Originally an approximately 12,320 acre parcel was staked, but subsequent to initial exploration, and due to overlap of existing Fee lands, and Federal rights of way the parcel was reduced to approximately 8500 acres in 2010. The claims here cover the Eightmile Basin, a playa, which lies approximately 15 miles to the southeast of Fallon, the county seat of Churchill County, Nevada.

U.S. Highway 50 cuts across the northern portions of the claim block and the Salt Wells all-weather gravel road traverses the Western portions of the block. Power is available locally as a high voltage transmission line runs parallel to the highway as well as another that originates at the geothermal power plant at the southern edge of the claim block.

Exploratory sediment sampling of the playa was conducted in the summer and fall of 2009 and 83% of the samples taken within the claim area have returned anomalous values in lithium, with the highest value being in the order of 750 ppm Li. In 2010 continued geochemical work, and geophysical studies were performed on the property, and a brine sampling program is currently underway there.

The strong lithium values coupled with proximity to a geothermal field and Quaternary faulting indicate that conditions may be favorable for the formation of a subsurface lithium brine reservoir similar to that currently being exploited at Silver Peak in Esmeralda County, Nevada.

The company has recently received approval of its drill permit application from the BLM in Carson City, and it is the company's intention to drill on the property this summer.

### CORTEZ PROPERTY

Our company staked a block of approximately 4960 acres in the fall of 2009 on this playa situated in Lander County Nevada. The property is situated about 7 miles to the south of Barrick Gold's Cortez Hills mine, and is approximately 47 miles to the southeast of Battle Mountain, the county seat. The prospect is on the edge of the Caetano trough, where a thick sequence of tertiary volcanic rocks with elevated lithium values have accumulated. Past sampling has indicated that the sediments in the playa are almost ubiquitously enriched in lithium, with values typically in the 2 - 400 ppm million range. The property is easily accessed by gravel roads, and power is available on the eastern side of the playa.

Our company conducted geochemical, and geophysical surveys on the property in 2009, and 2010 and are planning to drill this property in the summer of 2011.

### COMPETITION

The mining industry is intensely competitive. We compete with numerous

## Edgar Filing: Lithium Corp - Form 10-Q

individuals and companies, including many major mining companies, which have substantially greater technical, financial and operational resources and staffs. Accordingly, there is a high degree of competition for access to funds. There are other competitors that have operations in the area and the presence of these competitors could adversely affect our ability to compete for financing and obtain the service providers, staff or equipment necessary for the exploration and exploitation of our properties.

### COMPLIANCE WITH GOVERNMENT REGULATION

Mining operations and exploration activities are subject to various national, state, provincial and local laws and regulations in United States, as well as other jurisdictions, which govern prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, protection of the environment, mine safety, hazardous substances and other matters.

We believe that we are and will continue to be in compliance in all material respects with applicable statutes and the regulations passed in the United States. There are no current orders or directions relating to our company with respect to the foregoing laws and regulations.

19

### RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2011 COMPARED TO THE THREE MONTHS ENDED MARCH 31, 2010

We had a net loss of \$68,746 for the quarter ended March 31, 2011, which was \$36,891 less than the net loss of \$105,637 for the quarter ended March 31, 2010. The significant change in our results over the two periods is primarily the result of a decrease in investor relation costs.

The following table summarizes key items of comparison and their related increase (decrease) for the quarters ended March 31, 2011 and 2010:

	Three Months Ended March 31, 2011 -----	Three Months Ended March 31, 2010 -----	Change Between Three Month Period Ended March 31, 2011 and March 31, 2010 -----
Revenue	\$ Nil	\$ Nil	\$ Nil
Professional fees	1,814	7,463	112,430
Amortization	250	250	1,754
Exploration expenses	39,410	35,688	288,395
Consulting expenses	--	--	178,744
Insurance expense	3,860	--	7,163
Investor relations	13,835	38,655	124,422
Interest expense	--	4,069	10,451
Management fees	--	9,200	53,800
Stock option compensation	--	--	244,045
Transfer agent and filing fees	2,342	602	24,701
Travel	6,092	2,199	32,615
Website development costs	--	Nil	3,912
Write-down of website costs	--	Nil	12,000
Write-down of mineral properties	--	--	15,396

## Edgar Filing: Lithium Corp - Form 10-Q

General and administrative	1,557	7,511	52,304
	-----	-----	-----
Net loss from operations	\$ (69,160)	\$ (105,637)	\$ (1,162,132)
	=====	=====	=====

### REVENUE

We have not earned any revenues since our inception and we do not anticipate earning revenues in the upcoming quarter.

### EQUITY COMPENSATION

We currently do not have any stock option or equity compensation plans or arrangements.

### PURCHASE OR SALE OF EQUIPMENT

We do not expect to purchase or sell any plant or significant equipment.

20

### LIQUIDITY AND CAPITAL RESOURCES

Our balance sheet as of March 31, 2011, reflects assets of \$1,960,359. We had cash in the amount of \$1,326,273 and a working capital in the amount of \$1,334,369 as of March 31, 2011. We have sufficient working capital to enable us to carry out our stated plan of operation for the next twelve months.

	At March 31, 2011	At March 31, 2010
	-----	-----
Current assets	\$1,377,360	\$2,168,627
Current liabilities	42,991	220,616
	-----	-----
Working capital	\$1,334,369	\$2,161,612
	=====	=====

We anticipate generating losses and, therefore, may be unable to continue operations in the future. If we require additional capital, we would have to issue debt or equity or enter into a strategic arrangement with a third party.

### CASH FLOWS

	Three Months Ended March 31,	
	2011	2010
	-----	-----
Net cash (used in) operating activities	\$ (60,928)	\$ (134,793)
Net Cash (used in) investing activities	(11,557)	(58,658)
Net cash provided by financing activities	--	1,994,552
	-----	-----
Net increase (decrease) in cash during period	\$ (72,485)	\$1,801,101
	=====	=====

### OPERATING ACTIVITIES

Net cash flow used in operating activities during the three months ended March 31, 2011 was \$60,928 a decrease of \$73,865 from the \$134,793 net cash outflow during the three months ended March 31, 2010.

### INVESTING ACTIVITIES

## Edgar Filing: Lithium Corp - Form 10-Q

The primary driver of cash used in investing activities was capital spending in the acquisition of Lithium Properties.

Cash used in investing activities during the three months ended March 31, 2011 was \$11,557, which was a decrease of \$47,101 from the \$58,658 of cash used investing activities during the three months ended March 31, 2010. This decrease in the cash used in investing activities was primarily due to less funds spent to acquire mineral property interests.

### FINANCING ACTIVITIES

Cash from financing activities during the three months ended March 31, 2011 was \$nil, which was a decrease of \$1,994,522 from the \$1,994,552 of cash from financing activities during the three months ended March 31, 2010. This decrease in the cash from financing activities was primarily due to the Company completing an equity financing during the previous period.

We estimate that we will spend approximately \$350,000 on general and administrative expenses, \$675,000 on exploration and \$20,000 on travel over the next 12 months.

Specifically, we estimate our operating expenses and working capital requirements for the next 12 months to be as follows:

21

#### ESTIMATED NET EXPENDITURES DURING THE NEXT TWELVE MONTHS

General, Administrative Expenses	\$100,000
Exploration Expenses	250,000
	-----
TOTAL	\$350,000
	=====

We have suffered recurring losses from operations. The continuation of our company is dependent upon our company attaining and maintaining profitable operations and raising additional capital as needed.

The continuation of our business is dependent upon obtaining further financing, a successful program of exploration and/or development, and, finally, achieving a profitable level of operations. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

There are no assurances that we will be able to obtain further funds required for our continued operations. As noted herein, we are pursuing various financing alternatives to meet our immediate and long-term financial requirements. There can be no assurance that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis, we will be unable to conduct our operations as planned, and we will not be able to meet our other obligations as they become due. In such event, we will be forced to scale down or perhaps even cease our operations.

Cash on hand as of March 31, 2011 was \$1,326,273.

We are not aware of any known trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in our liquidity increasing or decreasing in any material way.

## Edgar Filing: Lithium Corp - Form 10-Q

### FUTURE FINANCINGS

We anticipate continuing to rely on equity sales of our common stock in order to continue to fund our business operations. Issuances of additional shares will result in dilution to our existing stockholders. There is no assurance that we will achieve any additional sales of our equity securities or arrange for debt or other financing to fund our planned business activities.

We presently do not have any arrangements for additional financing for the expansion of our exploration operations, and no potential lines of credit or sources of financing are currently available for the purpose of proceeding with our plan of operations.

### CONTRACTUAL OBLIGATIONS

As a "smaller reporting company", we are not required to provide tabular disclosure obligations.

### OFF-BALANCE SHEET ARRANGEMENTS

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, and capital expenditures or capital resources that are material to stockholders.

### CRITICAL ACCOUNTING POLICIES

#### USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and

22

disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accompanying unaudited interim financial statements of Lithium Corp., have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission, and should be read in conjunction with the audited financial statements and notes thereto contained in Lithium Corp.'s Annual Report filed with the SEC on Form 10-K. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosure contained in the audited financial statements for fiscal 2009 as reported in the form 10-K have been omitted.

### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of our wholly-owned subsidiary. All material inter-company transactions have been eliminated.

### LOSS PER SHARE

Basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The

## Edgar Filing: Lithium Corp - Form 10-Q

dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. In the periods in which a loss is incurred, the effect of potential issuances of shares under options and warrants would be anti-dilutive, and therefore basic and diluted losses per share are the same.

### CASH AND CASH EQUIVALENTS

Cash includes cash on account, demand deposits, and short-term instruments with maturities of three months or less.

### COMPUTER EQUIPMENT

Computer equipment is stated on the basis of historical cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets which has been estimated as 2 years. Impairment losses are recorded on computer equipment used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount.

### INCOME TAXES

The asset and liability approach is used to account for income taxes by recognizing deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities.

### FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, interest payable, and loans payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. Because of the short maturity and capacity of prompt liquidation of such assets and liabilities, the fair value of these financial instruments approximate their carrying values, unless otherwise noted.

### MINERAL PROPERTIES

Costs of exploration, carrying and retaining unproven mineral lease properties are expensed as incurred. Mineral property acquisition costs are capitalized including licenses and lease payments. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects. Impairment losses are recorded on mineral properties used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount.

23

### VARIABLE INTEREST ENTITIES

In June 2009, the FASB issued changes to require an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity; to require ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity; to eliminate the quantitative approach previously required for determining the primary beneficiary of a variable interest entity; to add an additional reconsideration event for determining whether an entity is a variable interest entity when any changes in facts and circumstances occur such that holders of the equity investment at risk, as a group, lose the power from voting rights or similar rights of those investments to direct the activities of the entity that most significantly impact the entity's economic performance; and to require enhanced disclosures that will provide users of financial statements with more transparent information about an enterprise's involvement in a variable interest entity. The guidance became effective for the Company on February 1, 2010. The adoption of

## Edgar Filing: Lithium Corp - Form 10-Q

the guidance did not have an impact on the Company's consolidated financial statements.

### CODIFICATION OF GAAP

In June 2009, the FASB issued guidance to establish the Accounting Standards Codification TM ("Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The FASB will no longer issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts; instead, the FASB will issue Accounting Standards Updates ("ASU"). ASUs will not be authoritative in their own right as they will only serve to update the Codification. The issuance of SFAS 168 and the Codification does not change GAAP. The guidance became effective for the Company for the period ending October 31, 2009. The adoption of the guidance did not have an impact on the Company's consolidated financial statements.

### SUBSEQUENT EVENTS

On July 31, 2009, the Company adopted changes issued by the FASB that establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Specifically, the guidance sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. The Company has evaluated subsequent events through the date the financial statements were issued.

### BUSINESS COMBINATIONS

The Company adopted the changes issued by the FASB that requires the acquiring entity in a business combination to recognize all (and only) the assets acquired and liabilities assumed in the transaction; establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed; and requires the acquirer to disclose additional information needed to evaluate and understand the nature and financial effect of the business combination.

The Company also adopted the changes issued by the FASB which requires assets and liabilities assumed in a business combination that arise from contingencies be recognized on the acquisition date at fair value if it is more likely than not that they meet the definition of an asset or liability; and requires that contingent consideration arrangements of the target assumed by the acquirer be initially measured at fair value. The guidance is effective for the Company's acquisitions occurring on or after February 1, 2009.

### NON-CONTROLLING INTERESTS

In December 2007, the FASB issued changes to establish accounting and reporting standards for all entities that prepare consolidated financial statements that have outstanding non-controlling interests, sometimes called minority interest. These standards require that ownership interests in subsidiaries held by outside parties be clearly identified, labelled and presented in equity separate from the parent's equity; the amount of net income attributable to the parent and the non-controlling interest be separately presented on the consolidated statement

of income; accounting standards applied to changes in a parent's interest be consistently applied; fair value measurement upon deconsolidation of a



## Edgar Filing: Lithium Corp - Form 10-Q

non-controlling interest be used; and the interests of the non-controlling owners be already identified and distinguished. The adoption of this guidance had no impact on the Company's consolidated financial statements.

### INTANGIBLE ASSETS

In April 2008, the FASB adopted changes to require companies estimating the useful life of a recognized intangible asset to consider their historical experience in renewing or extending similar arrangements or, in the absence of historical experience, to consider assumptions that market participants would use about renewal or extension as adjusted for entity-specific factors. The guidance is effective for fiscal years beginning after December 15, 2008 and is to be applied prospectively to intangible assets whether acquired before or after the effective date. The Company adopted the guidance on February 1, 2009. The adoption had no impact on the Company's consolidated financial statements.

### HIERARCHY OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("GAAP")

In May 2008, the FASB issued changes to identify the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with GAAP (the GAAP hierarchy). The guidance is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU section 411, THE MEANING OF PRESENT FAIRLY IN CONFORMITY WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES. Management is currently evaluating the guidance and assessing the impact, if any, on the Company's consolidated financial statements.

### REVENUE RECOGNITION

In September 2009, the FASB issued new revenue recognition guidance on multiple deliverable arrangements. It updates the existing multiple-element revenue arrangements guidance currently included under the Accounting Standards Codification ("ASC") 605-25. The revised guidance primarily provides two significant changes: 1) eliminates the need for objective and reliable evidence of the fair value for the undelivered element in order for a delivered item to be treated as a separate unit of accounting, and 2) requires the use of the relative selling price method to allocate the entire arrangement consideration. In addition, the guidance also expands the disclosure requirements for revenue recognition. ASU 2009-13 will be effective for the first annual reporting period beginning on or after fiscal 2011, with early adoption permitted provided that the revised guidance is retroactively applied to the beginning of the year of adoption. Management is currently evaluating the impact of adopting this guidance on the Company's consolidated financial statements.

### RECENT ACCOUNTING PRONOUNCEMENTS

For recent accounting pronouncements, please refer to the notes to the financial statements section of this quarterly report.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a "smaller reporting company", we are not required to provide the information required by this Item.

### ITEM 4. CONTROLS AND PROCEDURES

#### MANAGEMENT'S REPORT ON DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the SECURITIES EXCHANGE ACT OF 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our president (our principal executive

## Edgar Filing: Lithium Corp - Form 10-Q

officer, principal financial officer and principle accounting officer) to allow for timely decisions regarding required disclosure.

As of March 31, 2011, the end of our quarter covered by this report, we carried out an evaluation, under the supervision and with the participation of our president (our principal executive officer, principal financial officer and

25

principle accounting officer), of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our president (our principal executive officer, principal financial officer and principle accounting officer) concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

### CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in our internal controls over financial reporting that occurred during our quarter ended March 31, 2011 that have materially or are reasonably likely to materially affect, our internal controls over financial reporting.

## PART II - OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

We know of no material, existing or pending legal proceedings against our Company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, executive officers or affiliates, or any registered or beneficial stockholder, is an adverse party or has a material interest adverse to our interest.

### ITEM 1A. RISK FACTORS

As a "smaller reporting company", we are not required to provide the information required by this Item.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. [REMOVED AND RESERVED]

### ITEM 5. OTHER INFORMATION

None.

26

### ITEM 6. EXHIBITS

Exhibit No.	Description
-----	-----
(3)	ARTICLES OF INCORPORATION AND BYLAWS
3.1	Articles of Incorporation (Incorporated by reference to our Registration Statement on Form SB-2 filed on December 21, 2007).

## Edgar Filing: Lithium Corp - Form 10-Q

- 3.2 Bylaws (Incorporated by reference to our Registration Statement on Form SB-2 filed on December 21, 2007).
- 3.3 Articles of Merger (Incorporated by reference to our Current Report on Form 8-K filed on October 2, 2009).
- 3.4 Certificate of Change (Incorporated by reference to our Current Report on Form 8-K filed on October 2, 2009).
- (4) INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES
- 4.1 2009 Stock Option Plan (Incorporated by reference to our Current Report on Form 8-K filed on December 30, 2009).
- (10) MATERIAL CONTRACTS
- 10.1 Share Exchange Agreement dated October 9, 2009, between our company, Nevada Lithium Corporation and the selling shareholders of Nevada Lithium Corporation (Incorporated by reference to our Current Report on Form 8-K filed on October 26, 2009).
- 10.2 Lease Purchase Agreement dated June 1, 2009 between Nevada Lithium Corporation, Nevada Mining Co., Inc., Robert Craig, Barbara Craig and Elizabeth Dickman. (Incorporated by reference to our Current Report on Form 8-K filed on October 26, 2009).
- 10.3 Lease Agreement dated March 16, 2009 between Nevada Lithium Corporation and Cerro Rico Ventures LLC (incorporated by reference to our Current Report on Form 8-K filed on October 26, 2009).
- (21) SUBSIDIARIES OF THE REGISTRANT
- 21.1 Nevada Lithium Corporation
- (31) RULE 13A-14 (D)/15D-14D) CERTIFICATIONS
- 31.1\* Section 302 Certification by the Principal Executive Officer and Principal Financial Officer.
- (32) SECTION 1350 CERTIFICATIONS
- 32.1\* Section 906 Certification by the Principal Executive Officer and Principal Financial Officer.

-----  
\* Filed herewith

27

### SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

LITHIUM CORPORATION  
(Registrant)

Dated: May 19, 2011

/s/ Tom Lewis

Edgar Filing: Lithium Corp - Form 10-Q

-----  
Tom Lewis  
President, Treasurer, Secretary and Director  
(Principal Executive Officer, Principal Financial  
Officer and Principal Accounting Officer)