

Edgar Filing: Lithium Corp - Form 10-Q

Lithium Corp
Form 10-Q
November 21, 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 September 30, 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.)

10597 Double R Blvd. Suite 2, Reno, Nevada
(Address of principal executive offices)

89521
(Zip Code)

775.410.5287
(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
(Do not check if a smaller reporting company)

Smaller reporting company

Edgar Filing: Lithium Corp - Form 10-Q

Indicate by check mark whether the registrant is a shell company (as defined in 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 November 14, 2011.

LITHIUM CORPORATION

FORM 10-Q

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION	3
Item 1. Financial Statements	3
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	16
Item 3. Quantitative and Qualitative Disclosures About Market Risk	25
Item 4. Controls and Procedures	25
PART II - OTHER INFORMATION	26
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
SIGNATURES	28

2

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Our unaudited consolidated interim financial statements for the three and nine month periods ended September 30, 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

	September 30, 2011 ----- (unaudited)
ASSETS	
CURRENT ASSETS	
Cash	\$ 1,092,104
Prepaid expenses	54,131

TOTAL CURRENT ASSETS	1,146,235

OTHER ASSETS	
Computer equipment, net of amortization	--
Mineral properties	618,455

TOTAL OTHER ASSETS	618,455

TOTAL ASSETS	\$ 1,764,690
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	\$ 20,369
Due to directors, net	5,350

TOTAL CURRENT LIABILITIES	25,719

TOTAL LIABILITIES	25,719

COMMITMENTS AND CONTINGENCIES	
	--

STOCKHOLDERS' EQUITY	
Common stock, 3,000,000,000 shares authorized, par value \$0.001; 63,661,408 common shares issued and outstanding (2010 - 62,917,288)	63,662
Additional paid in capital	1,647,300
Additional paid in capital - options	244,045
Additional paid in capital - warrants	1,252,243
Deficit accumulated during the exploration stage	(1,468,279)

TOTAL STOCKHOLDERS' EQUITY	1,738,971

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,764,690
	=====

Edgar Filing: Lithium Corp - Form 10-Q

See the accompanying notes to the interim consolidated financial statements

4

Lithium Corporation
(An Exploration Stage Company)
Consolidated Statements of Operations (unaudited)

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011
	-----	-----	-----
REVENUE	\$ --	\$ --	\$ --
	-----	-----	-----
EXPENSES			
Professional fees	5,359	6,308	15,608
Amortization	--	250	498
Exploration expenses	102,851	42,110	191,759
Consulting fees	6,258	3,744	34,420
Insurance expense	3,913	--	11,687
Investor relations	15,302	23,121	49,686
Interest expense	--	--	--
Management fees	--	--	--
Transfer agent and filing fees	4,321	1,636	9,516
Travel	4,315	6,647	15,320
Stock option compensation	--	244,045	--
Website development costs	--	--	--
Write-down of website costs	--	--	--
Write-down of mineral properties	37,033	15,396	37,033
General and administrative	4,700	1,830	10,274
	-----	-----	-----
TOTAL EXPENSES	184,052	345,087	375,801
	-----	-----	-----
LOSS BEFORE FROM OPERATIONS	(184,052)	(345,087)	(375,801)
OTHER ITEM:			
Interest income	231	575	908
	-----	-----	-----
INCOME BEFORE INCOME TAXES	(183,821)	(344,512)	(374,893)
PROVISION FOR INCOME TAXES	--	--	--
	-----	-----	-----
NET LOSS	\$ (183,821)	\$ (344,512)	\$ (374,893)
	=====	=====	=====
NET LOSS PER SHARE: BASIC AND DILUTED	\$ nil	\$ (0.01)	\$ (0.01)
	=====	=====	=====
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:			
BASIC AND DILUTED	63,311,408	62,603,484	63,221,060
	=====	=====	=====

See the accompanying notes to the interim consolidated financial statements

Edgar Filing: Lithium Corp - Form 10-Q

5

Lithium Corporation
 (An Exploration Stage Company)
 Consolidated Statement of Stockholders' Equity (unaudited)

	Common Stock		Additional Paid in Capital	Additional Paid in Capital - Warrants	Additional Paid in Capital Options
	Shares	Amount			
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
Shares issued with respect to Fish Lake	394,120	394	87,106	--	--
Options exercised	350,000	350	83,650	--	--
Net loss for the period ended September 30, 2011	--	--	--	--	--
Balance, September 30, 2011	63,661,408	\$ 63,662	\$1,647,300	\$1,252,243	\$244,045

Edgar Filing: Lithium Corp - Form 10-Q

See the accompanying notes to the interim consolidated financial statements

6

Lithium Corporation
(An Exploration Stage Company)
Consolidated Statements of Cash Flows (unaudited)

	Nine Months Ended September 30, 2011 -----	Nine M Ende Septemb 201 -----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the period	\$ (374,893)	\$ (75
Adjustment for non-cash items:		
Write-down of software development	--	
Write-down of mineral properties	37,033	1
Stock option compensation expense	--	24
Amortization	498	
Changes in assets and liabilities:		
(Increase) Decrease in prepaid expenses	8,769	2
Increase (decrease) in accounts payable and accrued liabilities	(21,518)	(5
	-----	-----
CASH USED IN OPERATING ACTIVITIES	(350,111)	(53
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	--	
Purchase of software development	--	
Interest in mineral properties	(40,543)	(23
	-----	-----
CASH USED IN INVESTING ACTIVITIES	(40,543)	(23
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (repayment) of loan payable	--	(16
Proceeds from (repayment to) director	--	
Proceeds from sale of stock	84,000	2,13
	-----	-----
CASH PROVIDED BY FINANCING ACTIVITIES	84,000	1,96
	-----	-----
Increase in cash	(306,654)	1,19
Cash, beginning of period	1,398,758	36
	-----	-----
Cash, end of period	\$ 1,092,104	\$ 1,55
	=====	=====
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	\$ --	\$
	=====	=====
Cash paid for income taxes	\$ --	\$
	=====	=====
SUPPLEMENTAL NON-CASH INVESTING AND FINANCING INFORMATION:		

Edgar Filing: Lithium Corp - Form 10-Q

Common stock issued for mineral properties

\$ 87,500
=====

\$ 13
=====

See the accompanying notes to the interim consolidated financial statements

7

Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
September 30, 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 Corporation was incorporated on March 16, 2009 under the laws of Nevada under the name Lithium Corporation. On September 10, 2009, the Company amended its articles of incorporation to change its name to Nevada Lithium Corporation. By agreement dated October 09, 2009 Nevada Lithium Corporation and Lithium Corporation amalgamated as Lithium Corporation. Lithium Corporation is engaged in the acquisition and development of certain lithium interests in the state of Nevada, and is currently 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 2010 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,

Edgar Filing: Lithium Corp - Form 10-Q

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
September 30, 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 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

Edgar Filing: Lithium Corp - Form 10-Q

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
September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Edgar Filing: Lithium Corp - Form 10-Q

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.

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.

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.

10

Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Edgar Filing: Lithium Corp - Form 10-Q

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 \$1,468,279 as of September 30, 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.

NOTE 3 - PREPAID EXPENSES

Prepaid expenses consisted of the following:

	September 30, 2011	December 31, 2010
	-----	-----
Professional fees	\$ 5,190	\$ 10,275
Exploration costs	9,000	34,352
Bonds	36,756	12,975
Rent	798	298
Insurance	654	--
Office	1,733	--
Consulting	--	5,000
	-----	-----
Total prepaid expenses	\$ 54,131	\$ 62,900
	=====	=====

NOTE 4 - COMPUTER EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value
	----	-----	-----
Computer Equipment	\$2,002	\$2,002	\$--
	=====	=====	===

Depreciation in the nine months ended September 30, 2011 was \$498.

Edgar Filing: Lithium Corp - Form 10-Q

NOTE 5 - MINERAL PROPERTIES

FISH LAKE PROPERTY

The Company has purchased a 100% interest in the Fish Lake property by making staged payments of \$350,000 worth of common stock. Title to the pertinent claims was transferred to the Company through quit claim deed dated June 01st 2011, and this quitclaim was recorded at the county level on August 03rd 2011, and at the BLM on August 4th 2011. Quarterly stock disbursements were made on 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)

STAKED PROPERTIES

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

Name	Claims (Area in Acres)	Amount
-----	-----	-----
Salt Wells	156 (12,480)	\$74,451
Other		\$20,675

NOTE 6 - 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.

Edgar Filing: Lithium Corp - Form 10-Q

NOTE 6 - CAPITAL 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 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.

On April 10, 2011, the Company issued 230,264 shares of its common stock as part of the Fish Lake Property acquisition.

On April 28, 2011, the Company issued 150,000 shares of its common stock as part of a stock option exercise.

On May 5, 2011, the Company issued 200,000 shares of its common stock as part of a stock option exercise.

There were 63,661,408 shares of common stock issued and outstanding as of September 30, 2011.

WARRANTS

Issue Date	Number	Price	Expiry Date	Outstanding at September 30, 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.

13

Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
September 30, 2011

NOTE 6 - 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

Edgar Filing: Lithium Corp - Form 10-Q

\$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	450,000	4.75	\$0.24	450,000

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

The following table summarizes the stock options outstanding at September 30, 2011:

Issue Date	Number	Price	Expiry Date	Outstanding at September 30, 2011
September 23, 2010	500,000	\$0.28	September 23, 2015	500,000
September 23, 2010	450,000	\$0.24	September 23, 2015	450,000

14

Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
September 30, 2011

NOTE 7 - 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 September 30, 2011 and December 31, 2010 are as follows:

	September 30, 2011	December 31, 2010
Deferred tax asset attributable to:		
Net operating losses carried forward	\$ 323,021	\$ 240,545
Valuation allowance	(323,021)	(240,545)

Edgar Filing: Lithium Corp - Form 10-Q

	-----	-----
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 \$323,021 at September 30, 2011 is necessary to reduce the deferred tax assets to the amount that will more likely not be realized.

At September 30, 2011, the Company had net operating loss carry-forwards amounting to approximately \$1,468,279 that expire in various amounts through 2030 in the U.S.

NOTE 8 - SUBSEQUENT EVENTS

The Company has analyzed its operations subsequent to September 30, 2011 and through November 6, 2011, the date these financial statements were issued, and has determined that it does not have any other material subsequent events to disclose.

15

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 consolidated 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.

Edgar Filing: Lithium Corp - Form 10-Q

In this quarterly 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 effected a 1 old for 60 new forward stock 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.

16

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 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,

Edgar Filing: Lithium Corp - Form 10-Q

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, and Salt Wells 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 7,360 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. The geological setting at Fish Lake Valley is highly analogous to the salar at the nearby Clayton Valley where Chemetall has their Silver Peak lithium brine operation. 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 10 miles from the property, and the village of Dyer is approximately 13 miles to the south, while the town of Tonopah Nevada is approximately 50 miles to the East. Our 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 the fall of 2010. Brine sampling during the spring of 2011 has outlined a boron/lithium/potassium anomaly that is roughly 1.3 x 2 miles long, which has a smaller higher grade core where lithium mineralization ranges from 100 to 150 mg/L, with boron ranging from 1,500 to 2,670 mg/L, and potassium from 5,400 to 8,400 mg/L. Our company had planned to drill this property during the summer/fall of 2011, but it has been uncharacteristically wet there for the past twelve months, and the opportunity to safely drill this property has not presented itself this year, with it being extremely unlikely that conditions will improve during the last couple of months of 2011. The company plans to drill this property as soon as feasible in 2012. The property was originally 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 had agreed to issue the vendors \$350,000 worth of common stock of our company in eight regular disbursements, the last of which occurred on March 31, 2011. To date all disbursements have been made of stock worth a total of \$350,000, and our company has transferred claim ownership.

17

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

Edgar Filing: Lithium Corp - Form 10-Q

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. Brine sampling in the winter and spring of 2011 delineated an anomaly here which is roughly three quarters of a mile wide by one and a half miles long, with values up to 36.5 mg/L lithium. This work was followed up by a gravity geophysical survey during the summer of 2011, which determined that the brine anomaly in this property is proximal to a basin bounding structure.

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.

After two failed attempts to drill the property due to wet conditions in spring and summer 2011 the company finally succeeded in completing a 31 site - 3,437 foot direct push drill program in September. In all 46 samples were taken, at varying depths down to 155 feet subsurface. All samples have been submitted to Inspectorate Laboratory in Reno Nevada, and results are pending.

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.

Our company conducted geochemical, and geophysical surveys on the property in 2009, and 2010 and conducted a brief direct push drill program on it commencing in early July, 2011. Results from the drill program were not particularly encouraging, and the decision was made to let the claims here lapse on September 01, 2011 so that our company could concentrate its resources on its other prospects, and also the generation of newer potentially better prospects.

COMPETITION

The mining industry is intensely competitive. We compete with numerous 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.

18

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

Edgar Filing: Lithium Corp - Form 10-Q

respect to the foregoing laws and regulations.

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 2011 COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 2010

We had a net loss of \$183,821 for the three month period ended September 30, 2011, which was \$160,691 less than the net loss of \$344,512 for the three month period ended September 30, 2010. The significant change in our results over the two periods is primarily the result of no stock options being granted during the period in comparison to 2010.

The following table summarizes key items of comparison and their related increase (decrease) for the three month periods ended September 30, 2011 and 2010:

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Change Between Three Month Period Ended September 30, 2011 and September 30, 2010
	-----	-----	-----
Revenue	\$ Nil	\$ Nil	\$ Nil
Professional fees	5,359	6,308	(949)
Amortization	Nil	250	(250)
Exploration expenses	102,851	42,110	60,741
Consulting fees	6,258	3,744	2,514
Insurance expense	3,913	Nil	3,913
Investor relations	15,302	23,121	(7,819)
Interest (income) expense	(231)	(575)	344
Transfer agent and filing fees	4,321	1,636	2,685
Travel	4,315	6,647	(2,332)
Stock option compensation	Nil	244,045	(244,045)
Write-down of mineral properties	37,033	15,396	21,637
General and administrative	4,700	1,830	2,870
Net loss	\$ (183,821)	\$ (344,512)	\$ (160,691)

REVENUE

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

EQUITY COMPENSATION

On December 29, 2009, our board of directors approved the adoption of the 2009 Stock Plan which permits our company to issue up to 6,050,000 shares of our common stock to directors, officers, employees and consultants. This plan has not been approved by our security holders.

19

PURCHASE OR SALE OF EQUIPMENT

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

NINE MONTHS ENDED SEPTEMBER 30, 2011 COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2010

Edgar Filing: Lithium Corp - Form 10-Q

We had a net loss of \$374,893 for the nine month period ended September 30, 2011, which was \$384,308 less than the net loss of \$759,201 for the nine month period ended September 30, 2010. The significant change in our results over the two periods is primarily the result of no stock options being granted during the period compared to the similar period in 2010 combined with consulting fees and management fees decreasing compared to 2010.

The following table summarizes key items of comparison and their related increase (decrease) for the nine month periods ended September 30, 2011 and 2010:

	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010	Change Between Nine Month Period Ended September 30, 2011 and September 30, 2010
Revenue	\$ Nil	\$ Nil	\$ Nil
Professional fees	15,608	43,732	(28,124)
Amortization	498	750	(252)
Exploration expenses	191,759	112,853	78,906
Consulting fees	34,420	178,744	(144,324)
Insurance expense	11,687	--	11,687
Investor relations	49,686	79,356	(29,670)
Interest (income) expense	(908)	4,677	(5,585)
Management fees	--	41,800	(41,800)
Transfer agent and filing fees	9,516	4,828	4,688
Travel	15,320	18,402	(3,082)
Stock option compensation	--	244,045	(244,045)
Write-down of mineral properties	37,033	15,396	21,637
General and administrative	10,274	14,861	(4,344)
Net loss	\$ (374,893)	\$ (759,201)	\$ (384,308)

LIQUIDITY AND CAPITAL RESOURCES

Our balance sheet as of September 30, 2011, reflects assets of \$1,764,690. We had cash in the amount of \$1,092,104 and a working capital in the amount of \$1,120,516 as of September 30, 2011. We have sufficient working capital to enable us to carry out our stated plan of operation for the next twelve months.

WORKING CAPITAL

	At September 30, 2011	At December 31, 2010
Current assets	\$1,146,235	\$1,461,658
Current liabilities	25,719	47,237
Working capital	\$1,120,516	\$1,414,421

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.

Edgar Filing: Lithium Corp - Form 10-Q

	Nine Months Ended September 30,	
	2011	2010
	-----	-----
Net cash provided by (used in) operating activities	\$ (350,111)	\$ (534,050)
Net cash provided by (used in) investing activities	(40,543)	(235,877)
Net cash provided by (used in) financing activities	84,000	1,961,888
	-----	-----
Net increase (decrease) in cash during period	\$ (306,654)	\$1,191,961
	=====	=====

OPERATING ACTIVITIES

Net cash flow used in operating activities during the nine months ended September 30, 2011 was \$350,111 a decrease of \$183,939 from the \$534,050 net cash outflow during the nine months ended September 30, 2010.

INVESTING ACTIVITIES

The primary driver of cash used in investing activities was capital spending in the acquisition of our company's properties.

Cash used in investing activities during the nine months ended September 30, 2011 was \$40,543, which was a decrease of \$195,334 from the \$235,877 of cash used investing activities during the nine months ended September 30, 2010. This decrease in the cash used in investing activities was primarily due to a less aggressive exploration program during the period.

FINANCING ACTIVITIES

Cash from financing activities during the nine months ended September 30, 2011 was \$84,000, which was a decrease of \$1,876,903 from the \$1,961,888 of cash provided by financing activities during the nine months ended September 30, 2010. This decrease in the cash from financing activities was primarily due to a large financing completed during 2010.

We estimate that we will spend approximately \$250,000 on general and administrative expenses, \$300,000 on exploration and \$50,000 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:

ESTIMATED NET EXPENDITURES DURING THE NEXT TWELVE MONTHS

General, Administrative Expenses	\$250,000
Exploration Expenses	300,000
Travel	50,000

TOTAL	\$500,000
	=====

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

Edgar Filing: Lithium Corp - Form 10-Q

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.

21

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 September 30, 2011 was \$1,092,104.

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.

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.

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 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 our company, 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 ("SEC"), and should be read in conjunction with the audited financial statements and notes thereto contained in our company'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

Edgar Filing: Lithium Corp - Form 10-Q

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 2010 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.

22

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.

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

Our 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 our 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 our company has taken steps to

Edgar Filing: Lithium Corp - Form 10-Q

verify title to mineral properties in which it has an interest, these procedures do not guarantee our 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 our company on February 1, 2010. The adoption of the guidance did not have an impact on our 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 our company for the period ending October 31, 2009. The adoption of the guidance did not have an impact on our company's consolidated financial statements.

SUBSEQUENT EVENTS

On July 31, 2009, our 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. Our company has evaluated subsequent events through the date the financial statements were issued.

BUSINESS COMBINATIONS

Edgar Filing: Lithium Corp - Form 10-Q

Our 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.

Our 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 our company's acquisitions occurring on or after February 1, 2009.

24

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, labeled 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 our 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. Our company adopted the guidance on February 1, 2009. The adoption had no impact on our 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 if Present Fairly in Conformity with Generally Accepted Accounting Principles. Management is currently evaluating the guidance and assessing the impact, if any, on our 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

Edgar Filing: Lithium Corp - Form 10-Q

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 our company's consolidated financial statements.

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.

25

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

As of September 30, 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 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 September 30, 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.

Edgar Filing: Lithium Corp - Form 10-Q

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).
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.
101**	INTERACTIVE DATA FILE (FORM 10-Q FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2011 FURNISHED IN XBRL).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document

Edgar Filing: Lithium Corp - Form 10-Q

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

** Furnished herewith. Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of any registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, and otherwise are not subject to liability under those sections.

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: November 14, 2011

/s/ Tom Lewis

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

28