

Edgar Filing: Lithium Corp - Form 10-Q

Lithium Corp
Form 10-Q
November 22, 2010

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, 2010

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 333-148266

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 Number)

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

89501
(Zip Code)

(775) 322-0626

(Registrant's Telephone Number, Including Area Code)

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 Rule 12b-2 of the Exchange Act) YES NO

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY

Edgar Filing: Lithium Corp - Form 10-Q

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

As of November 15, 2010, there were 62,917,288 shares of the registrant's \$0.001 par value common stock issued and outstanding.

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 | 15 |
| Item 3. Quantitative and Qualitative Disclosures About Market Risk | 21 |
| Item 4T. Controls and Procedures | 22 |

PART II - OTHER INFORMATION

| | |
|---|----|
| Item 1. Legal Proceedings | 22 |
| Item 1A. Risk Factors | 22 |
| Item 2. Unregistered Sales of Equity Securities and Use of Proceeds | 22 |
| Item 3. Defaults Upon Senior Securities | 22 |
| Item 4. [Removed and Reserved] | 22 |
| Item 5. Other Information | 22 |
| Item 6. Exhibits | 23 |
| Signature Page | 24 |

2

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Lithium Corporation
(An Exploration Stage Company)
Consolidated Balance Sheets
As of September 30, 2010 and December 31, 2009

September 30,
2010

Edgar Filing: Lithium Corp - Form 10-Q

(unaudited)

| ASSETS | |
|--|-------------|
| Current Assets | |
| Cash | \$1,552,472 |
| Prepaid expenses | 1,695 |
| Due from director | 985 |
| | ----- |
| Total Current Assets | 1,555,152 |
| | ----- |
| Other Assets | |
| Computer equipment, net of amortization | 748 |
| Mineral properties | 481,917 |
| | ----- |
| Total Other Assets | 482,665 |
| | ----- |
| TOTAL ASSETS | \$2,037,817 |
| | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | |
| LIABILITIES | |
| Current Liabilities | |
| Accounts payable and accrued liabilities | \$ 39,413 |
| Due to director | 6,335 |
| Loans payable | -- |
| | ----- |
| Total Current Liabilities | 45,748 |
| | ----- |
| TOTAL LIABILITIES | 45,748 |
| | ----- |
| STOCKHOLDERS' EQUITY | |
| Common stock, 3,000,000,000 shares authorized, par value \$0.001; 62,745,720 common shares issued and outstanding (2009 - 60,550,000) | 62,746 |
| Additional paid in capital | 1,239,584 |
| Additional paid in capital - options | 244,045 |
| Additional paid in capital - warrants | 1,445,625 |
| Deficit accumulated during the exploration stage | (999,931) |
| | ----- |
| TOTAL STOCKHOLDERS' EQUITY | 1,992,069 |
| | ----- |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$2,037,817 |
| | ===== |

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

Edgar Filing: Lithium Corp - Form 10-Q

| | Three Months Ended September 30, 2010 | Three Months Ended September 30, 2009 | Nine Months Ended September 30, 2010 | Nine M Ende Septemb 200 |
|---|--|--|---|----------------------------------|
| REVENUE | \$ -- | \$ -- | \$ -- | \$ -- |
| OPERATING EXPENSES | | | | |
| Professional fees | 6,308 | 2,500 | 43,732 | |
| Amortization | 250 | -- | 750 | |
| Exploration expenses | 42,110 | -- | 112,853 | |
| Consulting fees | 3,744 | -- | 178,744 | |
| Investor relations | 23,121 | -- | 79,356 | |
| Management fees | -- | -- | 41,800 | |
| Rent | -- | -- | (243) | |
| Transfer agent and filing fees | 1,636 | -- | 4,828 | |
| Travel | 6,647 | -- | 18,402 | |
| Stock option compensation | 244,045 | -- | 244,045 | |
| Website development costs | -- | -- | -- | |
| General and administrative | 1,830 | 3,729 | 14,861 | 1 |
| TOTAL OPERATING EXPENSES | 329,691 | 6,229 | 739,128 | 1 |
| LOSS FROM OPERATIONS | (329,691) | (6,229) | (739,128) | (1) |
| OTHER (INCOME) EXPENSES | | | | |
| Interest (income) expense | (575) | -- | 4,677 | |
| Write-down of website costs | -- | 12,000 | -- | 1 |
| Write-down of mineral properties | 15,396 | -- | 15,396 | |
| TOTAL OTHER (INCOME) EXPENSES | 14,821 | 12,000 | 20,073 | 1 |
| LOSS BEFORE INCOME TAXES | (344,512) | (18,229) | (759,201) | (3) |
| PROVISION FOR INCOME TAXES | -- | -- | -- | -- |
| NET LOSS | \$ (344,512) | \$ (18,229) | \$ (759,201) | \$ (3) |
| NET LOSS PER SHARE: BASIC AND DILUTED | \$ (0.00) | \$ (0.00) | \$ (0.01) | \$ (0.01) |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING: BASIC AND DILUTED | 62,603,484 | 268,200,000 | 61,993,466 | 268,200,000 |

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

Edgar Filing: Lithium Corp - Form 10-Q

| | Common Stock | | Additional | Additional | Additional |
|---|---------------|-----------|-------------|-------------|------------|
| | Shares | Amount | Paid in | Paid in | Paid in |
| | ----- | ----- | Capital | Capital - | Capital |
| | ----- | ----- | ----- | Warrants | Optio |
| | ----- | ----- | ----- | ----- | ----- |
| 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 | 195,720 | 196 | 131,054 | -- | -- |
| Common stock issued for cash @ \$1.00 per share | 2,000,000 | 2,000 | 552,375 | 1,445,625 | -- |
| Options issued | -- | -- | -- | -- | 244,000 |
| Net loss for the period ended September 30, 2010 | -- | -- | -- | -- | -- |
| Balance, September 30, 2010 | 62,745,720 | \$ 62,746 | \$1,239,584 | \$1,445,625 | \$244,000 |
| | ===== | ===== | ===== | ===== | ===== |

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

Edgar Filing: Lithium Corp - Form 10-Q

5

Lithium Corporation
 (An Exploration Stage Company)
 Consolidated Statements of Cash Flows (unaudited)
 For the Nine Months Ended September 30, 2010 and 2009
 For the Period from January 30, 2007 (Inception) to September 30, 2010

| | Nine Months Ended September 30, 2010 ----- | Nine End Septem 20 ----- |
|---|--|--------------------------------------|
| Cash Flows from Operating Activities: | | |
| Net loss for the period | \$ (759,201) | \$ (|
| Adjustment for non-cash items: | | |
| Write-down of software development | -- | |
| Write-down of mineral properties | 15,396 | |
| Stock option compensation expense | 244,045 | |
| Amortization | 750 | |
| Changes in assets and liabilities: | | |
| (Increase) decrease in prepaid expenses | 24,855 | |
| Increase (decrease) in accounts payable and accrued liabilities | (59,895) | |
| | ----- | ----- |
| Cash used in operating activities | (534,050) | (|
| | ----- | ----- |
| Cash Flows from Investing Activities: | | |
| Purchase of equipment | -- | |
| Advances to director | (985) | |
| Purchase of software development | -- | |
| Interest in mineral properties | (234,892) | |
| | ----- | ----- |
| Cash used in investing activities | (235,877) | |
| | ----- | ----- |
| Cash Flows from Financing Activities: | | |
| Repayment of loan payable | (169,463) | |
| Proceeds from director | 101 | |
| Proceeds from sale of stock | 2,131,250 | |
| | ----- | ----- |
| Cash provided by financing activities | 1,961,888 | |
| | ----- | ----- |
| Increase (decrease) in cash | 1,191,961 | |
| Cash, opening | 360,511 | |
| | ----- | ----- |
| Cash, closing | \$ 1,552,472 | \$ |
| | ===== | ===== |
| Supplemental Cash Flow Information: | | |
| Cash paid for interest | \$ 0 | \$ |
| | ===== | ===== |
| Cash paid for income taxes | \$ 0 | \$ |
| | ===== | ===== |

The accompanying notes are an integral part of

Edgar Filing: Lithium Corp - Form 10-Q

these consolidated financial statements

6

Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
September 30, 2010

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.

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.

Edgar Filing: Lithium Corp - Form 10-Q

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.

7

Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
September 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

RECENTLY ADOPTED PRONOUNCEMENTS

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

Edgar Filing: Lithium Corp - Form 10-Q

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.

8

Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
September 30, 2010

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 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. The Company applied these new provisions to two acquisitions that occurred during the year, Rock Coast Media, Inc. and Pixel Bridge, Inc.

Edgar Filing: Lithium Corp - Form 10-Q

These acquisitions are more fully disclosed in Note 4 in our 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.

9

Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
September 30, 2010

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

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.

STOCK BASED COMPENSATION

The Company accounts for stock based compensation arrangements using a fair value method and records such expense as options are granted.

10

Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
September 30, 2010

Edgar Filing: Lithium Corp - Form 10-Q

NOTE 2 - ACQUISITION OF NEVADA LITHIUM CORP.

On October 9, 2009, the 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) |
| | ----- |
| Consideration Paid | \$ 549,705 |
| | ===== |

The consideration was paid through the issuance of 12,350,000 shares of common stock.

NOTE 3 - COMPUTER EQUIPMENT

| | Cost | Accumulated Depreciation | Net Book Value |
|--------------------|---------|-----------------------------|----------------|
| | ---- | ----- | ----- |
| Computer Equipment | \$2,002 | \$1,254 | \$ 748 |
| | ===== | ===== | ===== |

NOTE 4 - MINERAL PROPERTIES

FISH CREEK PROPERTY

On March 16, 2009, the Company entered into a lease agreement whereby it optioned 100% interest in the property by making the following payments:

| Payment | Amount | Date |
|--|-----------|-----------------------|
| ----- | ----- | ---- |
| Upon signature | \$ 20,000 | March 16, 2009 (paid) |
| 1st anniversary | \$ 25,000 | March 16, 2010 (paid) |
| 2nd anniversary | \$ 30,000 | March 16, 2011 |
| 3rd through 10th anniversary | \$ 50,000 | March 16, 2012 - 2019 |
| 11th through 20th anniversary | \$ 75,000 | March 16, 2010 - 2029 |
| At any time upon commercial production | \$250,000 | |

The lessor reserves a 3% NSR. The Company may purchase 1% of the NSR within 5 years for \$500,000, an additional 1% of the NSR within 10 years for \$1,000,000 and the remaining 1% of the NSR within 15 years for \$2,000,000.

Edgar Filing: Lithium Corp - Form 10-Q

(An Exploration Stage Company)
Notes to Consolidated Financial Statements
September 30, 2010

NOTE 4 - MINERAL PROPERTIES (CONTINUED)

FISH LAKE PROPERTY

The Company has purchased a 100% interest in the Fish Lake property for \$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 |
| 8th Disbursement: | within 10 days of March 31, 2011 |

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

STAKED PROPERTIES

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) | \$32,029 |

12

Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
September 30, 2010

NOTE 5 - CAPITAL STOCK

The Company is authorized to issue 3,000,000,000 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

Edgar Filing: Lithium Corp - Form 10-Q

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.

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.

STOCK OPTIONS

On September 23, 2010, the Company granted 800,000 options at an exercise price of \$0.24 and 500,000 options at an exercise price of \$0.28. 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 |

The grant-date fair value of the options granted with an exercise price of \$0.28 on September 23, 2010 was \$0.17 and grant-date fair value of the options granted with an exercise price of \$0.24 on September 23, 2010 was \$0.14. Total stock-based compensation for the three months ended September 30, 2010 and 2009 was \$244,045 and \$nil, respectively, and \$244,045 from the period of inception to September 30, 2010.

13

Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
September 30, 2010

NOTE 6 - 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

Edgar Filing: Lithium Corp - Form 10-Q

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, 2010 are as follows:

| | 2010 |
|--------------------------------------|-------------|
| Deferred tax asset attributable to: | |
| Net operating losses carried forward | \$ 219,985 |
| Valuation allowance | (219,985) |
| | ----- |
| 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 \$144,000 at September 30, 2010 is necessary to reduce the deferred tax assets to the amount that will more likely than not be realized.

At September 30, 2010, the Company had net operating loss carry-forwards amounting to approximately \$999,931 that expire in various amounts beginning in 2029 in the U.S.

NOTE 7 - SUBSEQUENT EVENTS

On October 10, 2010, the Company issued 171,568 shares of its common stock as part of the Fish Lake Property acquisition.

The Company has analyzed its operations subsequent to September 30, 2010 and through November 18, 2010, the date these financial statements were issued, and has determined that it does not have any other material subsequent events to disclose

14

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

FORWARD LOOKING STATEMENTS

Except for historical information, the following Management's Discussion and Analysis contains forward-looking statements based upon current expectations that involve certain risks and uncertainties. Such forward-looking statements include statements regarding, among other things, (a) discussions about mineral resources and mineralized material, (b) our projected sales and profitability, (c) our growth strategies, (d) anticipated trends in our industry, (e) our future financing plans, (f) our anticipated needs for working capital, (g) our lack of operational experience and (h) the benefits related to ownership of our common stock. Forward-looking statements, which involve assumptions and describe our future plans, strategies, and expectations, are generally identifiable by use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend," or "project" or the negative of these words or other variations on these words or comparable terminology. This information may involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from the future results, performance, or achievements expressed or implied by any forward-looking statements. These statements may be found under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Description of Business," as well as in this Report generally. Actual events or

Edgar Filing: Lithium Corp - Form 10-Q

results may differ materially from those discussed in forward-looking statements as a result of various factors, including, without limitation, the risks outlined under "Risk Factors" and matters described in this Report generally. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this Report will in fact occur as projected.

In this quarterly report, unless otherwise specified, all dollar amounts are expressed in United States dollars. All references to "common shares" refer to the common shares in our capital stock. As used in this quarterly report, the terms "we," "us," and "our" 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 one (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.

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

15

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

Edgar Filing: Lithium Corp - Form 10-Q

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 newly acquired properties in Nevada, known as the Fish Lake Valley property and the Fish Creek Caldera property.

FISH LAKE VALLEY PROPERTY

Fish Lake Valley is a lithium enriched salar (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 eighty (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, & 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. Further sediment and brine sampling studies were conducted on the property in early September, and the company is awaiting further assay information. The company anticipates additional sampling programs in Fall 2009, followed by a geophysical survey, and eventual drilling in Spring 2010. 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. As at June 30, 2010 two disbursements have been made of stock worth \$87,500.

FISH CREEK CALDERA

The Fish Creek Caldera prospect is located in west-central Lander County approximately 55 kilometers south of the county seat at the town of Battle Mountain in northern Nevada. The property is roughly centered at 473052E 4453013N (NAD 27 CONUS), and is comprised of 117 conventional 20 acre Lode Mining Claims which cover an area of approximately 2340 acres. Unlike the Fish Lake Valley prospect it is a more traditional bulk mining target which covers an area of clay altered Caetano, and Fish Creek formation Tertiary volcanic tuffs. Both formations originally contained relatively high concentrations of lithium, and locally, through a possible combination of weathering, and hydrothermal processes, these volcanic rocks have been altered to clays. It is thought that the alteration process may have contributed to further lithium enrichment of the clays. During the conduct of uranium exploratory drilling operations here in 1978 by Phillips Uranium Corporation, lithium mineralization of up to 20,000 ppm was discovered. Access is good to the property with an all weather road leading up from Buffalo Valley to the west of the property, and a county maintained track leading up from Highway 305, some 15 kilometers to the east of the property. A low voltage powerline does terminate at the west edge of the claim block, and higher tension power lines can be found in the general area. We

Edgar Filing: Lithium Corp - Form 10-Q

16

intend to begin preliminary work this fall to outline areas of lithium enrichment in an effort to define drill targets, for more precise evaluation of the economic potential of the property in 2010.

Our wholly owned subsidiary, Nevada Lithium Corporation, entered into a lease agreement with Cerro Rico Ventures LLC on March 16, 2009. The lease is maintained by an initial payment, and continuing lease payments as set forth in the table below. Cerro Rico reserves a 3% NSR. We may purchase 1% of the NSR within 5 years for a payment of \$500,000. We can purchase an additional 1% of the NSR by paying \$1,000,000 within 10 years. The remainder of the NSR can be purchased within 15 years by paying \$2,000,000.

| Payment ----- | Amount ----- | Date ---- |
|--|-----------------|-----------------------|
| Upon signature | \$ 20,000 | March 16, 2009 (paid) |
| Upon 1st anniversary | \$ 25,000 | March 16, 2010 (paid) |
| Upon 2nd anniversary | \$ 30,000 | March 16, 2011 |
| Upon 3rd -10th anniversary | \$ 50,000 | March 16, 2012 - 2019 |
| Upon 11th - 20th anniversary | \$ 75,000 | March 16, 2020 - 2029 |
| At any time upon commercial production | \$250,000 | |

Any commercial production and payment therefore shall supersede the annual lease payment requirements, which cease so long as production is maintained. Upon cessation of production for any period in excess of 6 months, the annual lease payments shall resume.

STAKED PROPERTIES

Our 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) | \$32,029 |

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.

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.

Edgar Filing: Lithium Corp - Form 10-Q

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 2010 COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 2009

We had a net loss of \$344,512 for the quarter ended September 30, 2010, which was \$326,683 greater than the net loss of \$18,229 for the quarter ended September 30, 2009. The significant change in our results over the two periods is primarily the result of increases in exploration expenses, investor relations, professional fees, management fees, amortization, interest, travel and general and administrative fees.

17

The following table summarizes key items of comparison and their related increase (decrease) for the quarters ended September 30, 2010 and 2009:

| | Three Months Ended September 30, 2010 | Three Months Ended September 30, 2009 | Increase (Decrease) |
|----------------------------------|--|--|------------------------|
| | ----- | ----- | ----- |
| REVENUE | \$ -- | \$ -- | \$ -- |
| | ----- | ----- | ----- |
| OPERATING EXPENSES | | | |
| Professional fees | 6,308 | 2,500 | 3,808 |
| Amortization | 250 | -- | 250 |
| Exploration expenses | 42,110 | -- | 42,110 |
| Consulting expenses | 3,744 | -- | 3,744 |
| Investor relations | 23,121 | -- | 23,121 |
| Management fees | -- | -- | -- |
| Rent | -- | -- | -- |
| Transfer agent and filing fees | 1,636 | -- | 1,636 |
| Travel | 6,647 | -- | 6,647 |
| Stock option compensation | 244,045 | -- | 244,045 |
| Website development costs | -- | -- | -- |
| General and administrative | 1,830 | 3,729 | (1,899) |
| | ----- | ----- | ----- |
| TOTAL OPERATING EXPENSES | 329,691 | 6,229 | 323,862 |
| | ----- | ----- | ----- |
| OTHER (INCOME) EXPENSES | | | |
| Interest (income) expense | (575) | -- | (575) |
| Write-down of website costs | -- | 12,000 | (12,000) |
| Write-down of mineral properties | 15,396 | -- | 15,396 |
| | ----- | ----- | ----- |
| TOTAL OTHER (INCOME) EXPENSES | 14,821 | 12,000 | 2,821 |
| | ----- | ----- | ----- |
| NET LOSS | \$ (344,512) | \$ (18,229) | \$ (326,683) |
| | ===== | ===== | ===== |

REVENUE

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

Edgar Filing: Lithium Corp - Form 10-Q

EQUITY COMPENSATION

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

NINE MONTHS ENDED SEPTEMBER 30, 2010 COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2009

We had a net loss of \$759,201 for the nine months ended September 30, 2010, which was \$728,679 greater than the net loss of \$30,522 for the nine months ended September 30, 2009. The significant change in our results over the two periods is primarily the result of increases in exploration expenses, investor relations, professional fees, management fees, amortization, interest, travel and general and administrative fees.

The following table summarizes key items of comparison and their related increase (decrease) for the nine month periods ended September 30, 2010 and 2009:

18

| | Nine Months Ended September 30, 2010 | Nine Months Ended September 30, 2009 | Increase (Decrease) |
|----------------------------------|---|---|------------------------|
| | ----- | ----- | ----- |
| REVENUE | \$ -- | \$ -- | \$ -- |
| | ----- | ----- | ----- |
| OPERATING EXPENSES | | | |
| Professional fees | 43,732 | 6,500 | 37,232 |
| Amortization | 750 | -- | 750 |
| Exploration expenses | 112,853 | -- | 112,853 |
| Consulting expenses | 178,744 | -- | 178,744 |
| Investor relations | 79,356 | -- | 79,356 |
| Management fees | 41,800 | -- | 41,800 |
| Rent | (243) | -- | (243) |
| Transfer agent and filing fees | 4,828 | -- | 4,828 |
| Travel | 18,402 | -- | 18,402 |
| Stock option compensation | 244,045 | -- | 244,045 |
| Website development costs | -- | 412 | (412) |
| General and administrative | 14,861 | 11,610 | 3,251 |
| | ----- | ----- | ----- |
| TOTAL OPERATING EXPENSES | 739,128 | 18,522 | 720,606 |
| | ----- | ----- | ----- |
| OTHER (INCOME) EXPENSES | | | |
| Interest | 4,677 | -- | 4,677 |
| Write-down of website costs | -- | 12,000 | (12,000) |
| Write-down of mineral properties | 15,396 | -- | 15,396 |
| | ----- | ----- | ----- |
| TOTAL OTHER (INCOME) EXPENSES) | 20,073 | 12,000 | 8,073 |
| | ----- | ----- | ----- |
| NET LOSS | \$ (759,201) | \$ (30,522) | \$ (728,679) |
| | ===== | ===== | ===== |

REVENUE

We have not earned any revenues since our inception and we do not anticipate

Edgar Filing: Lithium Corp - Form 10-Q

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.

19

LIQUIDITY AND CAPITAL RESOURCES

Our balance sheet as of September 30, 2010, reflects assets of \$2,037,817. We had cash in the amount of \$1,552,472 and a working capital in the amount of \$1,509,404 as of September 30, 2010. We have sufficient working capital to enable us to carry out our stated plan of operation for the next twelve months.

| | At September 30, 2010 | At December 31, 2009 |
|---------------------------|-----------------------------|----------------------------|
| | ----- | ----- |
| Current assets | \$1,555,152 | \$ 387,061 |
| Less: Current liabilities | 45,748 | 275,005 |
| | ----- | ----- |
| Working capital | \$1,509,404 | \$ 112,056 |
| | ===== | ===== |

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

| | Nine months Ended September 30, 2010 | Nine months Ended September 30, 2009 |
|---|---|---|
| | ----- | ----- |
| Net Cash Used in Operating Activities | \$ (534,050) | \$ (11,229) |
| Net Cash Used in Investing Activities | \$ (235,877) | \$ -- |
| Net Cash Provided by Financing Activities | \$1,961,888 | \$ 5,000 |
| | ----- | ----- |
| Net Increase (Decrease) in Cash During the Period | \$1,191,961 | \$ (6,229) |
| | ===== | ===== |

OPERATING ACTIVITIES

Net cash flow used in operating activities during the nine-months ended September 30, 2010 was \$534,050 - an increase of \$522,821 from the \$11,229 net cash outflow during the nine-months ended September 30, 2009.

INVESTING ACTIVITIES

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 nine-months ended September 30, 2010 was \$235,877, which was an increase of \$235,877 from the \$0 of cash used in

Edgar Filing: Lithium Corp - Form 10-Q

investing activities during the nine-months ended September 30, 2009. This increase in the cash used in investing activities was primarily due to scheduled payments on the Fish Creek and Fish Lake Properties.

FINANCING ACTIVITIES

Cash from financing activities during the nine-months ended September 30, 2010 was \$1,961,888, which was an increase of \$1,956,888 from the \$5,000 of cash from financing activities during the nine-months ended September 30, 2009. This increase in the cash from financing activities was primarily due a private placement offset by the repayment of loans.

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.

20

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

Estimated Funding Required During the Next 12 Months

| Expense | Amount |
|----------------------------------|-------------|
| General and administrative | \$ 300,000 |
| Exploration | \$ 750,000 |
| Mineral Property Costs | \$ 117,000 |
| Travel | \$ 20,000 |
| TOTAL | \$1,187,000 |
| | ===== |
| CASH ON HAND, SEPTEMBER 30, 2010 | \$1,552,472 |

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.

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, capital

Edgar Filing: Lithium Corp - Form 10-Q

expenditures or capital resources that is material to stockholders.

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.

21

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 (who is acting as our principal executive officer, principal financial officer and principle accounting officer) to allow for timely decisions regarding required disclosure.

As of September 30, 2010, the end of our quarter covered by this report, we carried out an evaluation, under the supervision and with the participation of our president (who is acting as 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 (who is acting as 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, 2010 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 may be involved from time to time in ordinary litigation, negotiation and settlement matters that will not have a material effect on our operations or finances. We are not aware of any pending or threatened litigation against us or our officers and directors in their capacity as such that could have a material impact on our operations or finances.

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

There were no unregistered sales of equity securities in the three months ended

Edgar Filing: Lithium Corp - Form 10-Q

September 30, 2010.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. [REMOVED AND RESERVED]

ITEM 5. OTHER INFORMATION

None.

22

ITEM 6. EXHIBITS

Exhibit

| No. | Description |
|-------|---|
| ----- | ----- |
| (3) | ARTICLES OF INCORPORATION AND BYLAWS |
| 3.1 | Articles of Incorporation (Attached as an exhibit to our Registration Statement on Form SB-2 originally filed with the SEC on December 21, 2007 and incorporated herein by reference). |
| 3.2 | Bylaws (Attached as an exhibit to our Registration Statement on Form SB-2 originally filed with the SEC on December 21, 2007 and incorporated herein by reference). |
| 3.3 | Articles of Merger (Incorporated by reference from our Current Report on Form 8-K filed on October 2, 2009). |
| 3.4 | Certificate of Change (Incorporated by reference from 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 from our Current Report on Form 8-K filed on December 30, 2009). |
| (10) | MATERIAL CONTRACTS |
| 10.1 | Share exchange agreement dated October 9, 2009, amount our company, Nevada Lithium Corporation and the selling shareholders of Nevada Lithium Corporation as set out in the share exchange agreement (incorporated by reference from 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 as purchaser and Nevada Mining Co., Inc., Robert Craig, Barbara Craig and Elizabeth Dickman as vendors (Incorporated by reference from our current Report on Form 8-K filed on October 26, 2009). |
| 10.3 | Lease Agreement dated on March 16, 2009 between Nevada Lithium Corporation as Lessee and Cerro Rico ventures LLC as Lessor (incorporated by reference from our Current Report on Form 8-K filed on October 26, 2009). |
| (21) | SUBSIDIARIES OF THE REGISTRANT |

Edgar Filing: Lithium Corp - Form 10-Q

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

23

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

Date: November 19, 2010

By: /s/ Tom Lewis

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

24