

Edgar Filing: Lithium Corp - Form 10-Q

Lithium Corp
Form 10-Q
November 07, 2013

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, 2013
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.)

5976 Lingering Breeze St., Las Vegas, Nevada
(Address of principal executive offices)

89148
(Zip Code)

(775) 410-5287
(Registrant's telephone number, including area code)

11380 S. Virginia St. #2011, Reno, Nevada 89511
(Former name, former address and former fiscal year,
if changed since last report)

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

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

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

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

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 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.

74,911,408 common shares issued and outstanding as of October 31, 2013.

LITHIUM CORPORATION

FORM 10-Q

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	14
Item 3. Quantitative and Qualitative Disclosures About Market Risk	23
Item 4. Controls and Procedures	23

PART II - OTHER INFORMATION

Item 1. Legal Proceedings	24
Item 1A. Risk Factors	24
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	24
Item 3. Defaults Upon Senior Securities	24
Item 4. Mine Safety Disclosures	24
Item 5. Other Information	24
Item 6. Exhibits	24
SIGNATURES	26

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Our unaudited consolidated interim financial statements for the three and nine month periods ended September 30, 2013 form part of this quarterly report. They are stated in United States Dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles.

Edgar Filing: Lithium Corp - Form 10-Q

3

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

	September 30, 2013	December 2012
	-----	-----
ASSETS		
CURRENT ASSETS		
Cash	\$ 873,083	\$ 1,100,000
Accounts Receivable	--	--
Prepaid Expenses	28,457	--
	-----	-----
TOTAL OTHER CURRENT ASSETS	901,540	1,200,000
	-----	-----
OTHER ASSETS		
Mineral Properties	187,653	1,100,000
Property & Equipment	356	--
	-----	-----
TOTAL OTHER ASSETS	188,009	1,100,000
	-----	-----
TOTAL ASSETS	\$ 1,089,549	\$ 1,400,000
	=====	=====
LIABILITIES AND STOCKHOLDERS EQUITY		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,371	\$ --
	-----	-----
TOTAL CURRENT LIABILITIES	2,371	--
	-----	-----
TOTAL LIABILITIES	2,371	--
	-----	-----
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Common Stock, 3,000,000,000 shares authorized, par value \$0.01; 74,911,408 common shares outstanding (2012 - 74,661,408)	74,911	74,661
Additional paid in capital	3,300,439	3,200,000
Additional paid in capital - Options	184,130	1,000,000
Additional paid in capital - Warrants	257,949	2,000,000
Deficit accumulated during the Exploration stage	(2,730,251)	(2,400,000)
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	1,087,178	1,300,000
	-----	-----
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 1,089,549	\$ 1,400,000
	=====	=====

Edgar Filing: Lithium Corp - Form 10-Q

4

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

	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
REVENUE	\$ --	\$ --	\$ --	\$ --
OPERATING EXPENSES				
Professional fees	10,977	13,273	41,010	
Depreciation	73	54	181	
Exploration expenses	79,983	16,700	104,572	
Consulting fees	13,750	18,550	53,200	
Insurance expense	4,372	3,903	13,116	
Investor relations	8,240	11,852	33,014	
Management fees	--	--	--	
Transfer agent and filing fees	1,482	2,498	5,383	
Travel	7,620	5,396	22,156	
Stock option compensation	--	--	10,089	
Website development costs	--	--	--	
Write-down of website costs	--	--	--	
Write-down of mineral properties	--	369,137	--	
General and Administration	2,501	2,257	7,954	
TOTAL OPERATING EXPENSES	128,998	443,620	290,675	
LOSS FROM OPERATIONS	(128,998)	(443,620)	(290,675)	
OTHER INCOME (EXPENSES)				
Other Income	--	--	--	
Interest Income	96	318	284	
Interest expense	--	--	--	
TOTAL OTHER INCOME (EXPENSE)	96	318	284	
LOSS BEFORE INCOME TAXES	(128,902)	(443,302)	(290,391)	
PROVISION FOR INCOME TAXES	--	--	--	
NET LOSS	\$ (128,902)	\$ (443,302)	\$ (290,391)	\$ (290,391)
NET LOSS PER SHARE: BASIC AND DILUTED	\$ --	\$ (0.01)	\$ --	\$ --
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING: BASIC AND DILUTED	74,911,408	63,661,408	74,723,908	63,661,408

Edgar Filing: Lithium Corp - Form 10-Q

5

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

	Nine Months Ended September 30, 2013 -----	Nine Months Ended September 30, 2012 -----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the period	\$ (290,391)	\$ (609,842)
Adjustment for non-cash items:		
Deposits	(700)	--
Write-down of software development	--	--
Write-down of mineral properties	--	369,137
Stock option compensation expense	10,089	23,731
Depreciation	181	162
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	--	--
(Increase) decrease in prepaid expenses	34,629	25,173
Increase (decrease) in accounts payable and accrued liabilities	(42,487)	(2,937)
Net Cash Used in Operating Activities	(288,679)	(194,577)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(375)	--
Purchase of software development	--	--
Interest in mineral properties	(24,514)	(25,760)
Net Cash Used in Investing Activities	(24,889)	(25,760)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (repayment to) director	--	--
Proceeds from sale of stock	--	--
Net Cash Provided by Financing Activities	--	--
Increase (decrease) in cash	(313,568)	(220,337)
Cash, beginning of period	1,186,651	970,030
Cash, end of period	\$ 873,083 =====	\$ 749,693 =====
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	\$ -- =====	\$ -- =====
Cash paid for income taxes	\$ --	\$ --

Edgar Filing: Lithium Corp - Form 10-Q

	=====	=====
SUPPLEMENTAL NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Common stock issued for mineral properties	\$ 8,500	\$ --
	=====	=====
Shareholder debt converted to contributed capital	\$ --	\$ --
	=====	=====

6

Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
September 30, 2013

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 9, 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.

EXPLORATION STAGE COMPANY

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles related to accounting and reporting by exploration stage companies. An exploration stage company is one in which planned principal operations have not commenced or if its operations have commenced, there has been no significant revenues there from.

ACCOUNTING BASIS

The Company uses the accrual basis of accounting and accounting principles generally accepted in the United States of America ("GAAP" accounting). The Company has adopted a December 31 fiscal year end.

CASH AND CASH EQUIVALENTS

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

CONCENTRATIONS OF CREDIT RISK

The Company maintains its cash in bank deposit accounts, the balances of which at times may exceed federally insured limits. The Company continually monitors its banking relationships and consequently has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

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

Edgar Filing: Lithium Corp - Form 10-Q

financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

REVENUE RECOGNITION

The Company is in the exploration stage and has yet to realize revenues from operations. Once the Company has commenced operations, it will recognize revenues when delivery of goods or completion of services has occurred provided there is persuasive evidence of an agreement, acceptance has been approved by its customers, the fee is fixed or determinable based on the completion of stated terms and conditions, and collection of any related receivable is probable.

7

Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PRINCIPLES OF CONSOLIDATION

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

LOSS PER SHARE

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

PROPERTY AND EQUIPMENT

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

INCOME TAXES

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

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, prepaid expenses, and accounts payable and accrued liabilities. 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.

Edgar Filing: Lithium Corp - Form 10-Q

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. Impairment of \$Nil and \$369,137 were recorded in the years ended 2013 and 2012 respectively, relating to the abandonment of some mineral claims.

OFFICE LEASE

The Company rents office space in Las Vegas, Nevada for \$700 per month. The arrangement is on a month-by-month basis and can be terminated by either party.

8

Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
September 30, 2013

NOTE 2 - GOING CONCERN

Lithium Corporation'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 \$2,730,251 as of September 30, 2013. 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 Corporation'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 at September 30, 2013 and December 31, 2012:

	September 30, 2013 -----	December 31, 2012 -----
Deposits	\$ 700	\$ --
Professional fees	2,888	3,310
Exploration costs	4,847	8,964
Bonds	17,088	28,644
Transfer fees	450	1,800
Insurance	729	13,844
Office Misc	80	800
Investor relations	1,675	5,025
Consulting	--	--

Edgar Filing: Lithium Corp - Form 10-Q

	-----	-----
Total prepaid expenses	\$ 28,457	\$ 62,387
	=====	=====

NOTE 4 - PROPERTY AND EQUIPMENT

	September 30, 2013 -----	December 31, 2012 -----
Computer Equipment	\$ 2,808	\$ 2,433
Less: Accumulated amortization	(2,452)	(2,271)
	-----	-----
Property and equipment, net	\$ 356	\$ 162
	=====	=====

Amortization expense was \$181 and \$215 for the years ended September 30, 2013 and December 31, 2012, respectively.

9

Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
September 30, 2013

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 1, 2011, and this quitclaim was recorded at the county level on August 3, 2011 and at the BLM on August 4, 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)

As at September 30, 2013, the Company has recorded \$436,764 in acquisition costs related to the Fish Lake Property and associated impairment of \$276,908 related to abandonment of claims. The carrying value of the Fish Lake Property was \$159,856 as of September 30, 2013.

The Company has entered into an agreement in April 2013, whereby it may earn a 100% interest in the Mt Heimdal Flake Graphite property in BC, subject to a 1.5% net overriding royalty. The company must spend \$15,000 on exploration, and submit a government assessment report by Nov 30, 2013 to earn its interest.

STAKED PROPERTIES

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

Net Carry

Edgar Filing: Lithium Corp - Form 10-Q

Name ----	Claims -----	Cost ----	Impairment -----	Value -----
SanEmidio	20 (1,600)	\$11,438	\$ (5,719)	\$ 5,719
Cherryville/BC Sugar	2,036.37 (hectares)	\$12,027	Nil	\$12,027

The Company performs an impairment test on an annual basis to determine whether a write-down is necessary with respect to the properties. The Company believes no circumstances have occurred and no evidence has been uncovered that warrant a write-down of the mineral properties other than those abandoned by management and thus included in write-down of mineral properties. No impairment charges were recorded in 2013, as of September, 30, 2013. Impairment of \$369,137 was recorded in 2012 relating to the abandonment of some mineral claims relating to the abandonment of some mineral claims.

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.

10

Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
September 30, 2013

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.

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.

Edgar Filing: Lithium Corp - Form 10-Q

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.

On November 19, 2012, the Company issued 11,000,000 shares of its common stock as part of private placement.

On June 6, 2013, the Company issued 250,000 shares of its common stock as part of the Cherryville property acquisition located in British Columbia.

There were 74,911,408 shares of common stock issued and outstanding as of September 30, 2013.

11

Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
September 30, 2013

NOTE 6 - CAPITAL STOCK (CONTINUED)

WARRANTS

Issue Date -----	Number -----	Price -----	Expiry Date -----	Outstanding at September 30, 2013 -----
Nov. 19, 2012	11,000,000	\$0.10	Nov. 18, 2014	11,000,000

The warrants were valued using the Black-Scholes option pricing model using the following assumptions: term of 5 years, dividend yield of 0%, risk free interest rates of 0.67% and volatility of 129%. The fair value of the warrants was adjusted against additional paid in capital.

Stock Based Compensation

The Company granted 500,000 options at an exercise price of \$0.28 and 400,000 options at an exercise price of \$0.24 to consultants in exchange for various professional services. On March 15, 2013, options granted at \$0.28 and \$0.24 was modified to exercise prices of \$.045. Also, on March 15, 2013 the Company granted 200,000 options to consultants for management services at exercise price of \$.045. The issuance of new options, less the expiration of 350,000 options, and the modification resulted in net stock-based compensation of \$10,089 in 2013, as of September 30, 2013. 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

Edgar Filing: Lithium Corp - Form 10-Q

subjective and may not be representative of actual results. Assumptions used to determine the fair value of the stock based compensation is as follows:

	Modification	New Options
Risk free interest rate	0.35%	0.67%
Expected dividend yield	0%	0%
Expected stock price volatility	129%	129%
Expected life of options	3 years	5 years

	Total Options Outstanding	Weighted Average Remaining Life (Years)	Total Weighted Average Exercise Price	Options Exercisable
Exercise Prices	900,000	2.98	\$0.045	900,000

Total stock-based compensation for the quarter-ended September 30, 2013 was \$10,089 (September, 30, 2012: \$23,731).

12

Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
September 30, 2013

NOTE 6 - CAPITAL STOCK (CONTINUED)

The following table summarizes the stock options outstanding at September 30, 2013:

Issue Date	Number	Price	Expiry Date	Outstanding at December 31, 2012
September 23, 2010	500,000	\$0.045	September 23, 2015	500,000
May 31, 2012	100,000	\$0.045	July 6, 2013	100,000
May 31, 2012	100,000	\$0.045	May 31, 2017	100,000
March 15, 2013	200,000	\$0.045	March 15, 2018	200,000

NOTE 7 - INCOME TAXES

As of September 30, 2013, the Company had net operating loss carry forwards of approximately \$2,730,251 that may be available to reduce future years' taxable income in varying amounts through 2031. Future tax benefits which may arise as a result of these losses have not been recognized in these financial statements, as their realization is determined not likely to occur and accordingly, the Company has recorded a valuation allowance for the deferred tax asset relating to these tax loss carry-forwards.

The provision for Federal income tax consists of the following:

Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
---	---

Federal income tax benefit attributable to:

Edgar Filing: Lithium Corp - Form 10-Q

Current operations	\$ 98,733	\$ 207,346
Less: valuation allowance	(98,733)	(207,346)
	-----	-----
Net provision for Federal income taxes	\$ 0	\$ 0
	=====	=====

The cumulative tax effect at the expected rate of 34% of significant items comprising our net deferred tax amount is as follows at September 30, 2013:

	September 30, 2013	December 31, 2012
	-----	-----
Deferred tax asset attributable to:		
Net operating loss carryover	\$ 913,652	\$ 813,201
Less: valuation allowance	(913,652)	(813,201)
	-----	-----
Net deferred tax asset	\$ 0	\$ 0
	=====	=====

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forwards of approximately \$2,730,251 for Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur net operating loss carry forwards may be limited as to use in future years.

NOTE 8 - SUBSEQUENT EVENTS

The Company has analyzed its operations subsequent to September 30, 2013 through the date these financial statements were issued, and has determined that it does not have any other material subsequent events to disclose.

13

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

Edgar Filing: Lithium Corp - Form 10-Q

differences include, but are not limited to, those discussed below and elsewhere in this quarterly report.

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

In this 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 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, or a share exchange whereby we would purchase the shares of Nevada Lithium 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.

14

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 and the shareholders of Nevada Lithium. 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 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 in exchange for the acquisition, by our company, of all of the 12,350,000 issued and outstanding shares of Nevada Lithium. 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.

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 and British Columbia.

Our current operational focus is to conduct exploration activities on the Fish Lake Valley property and the San Emidio prospect in Nevada and the Sugar Lake and Mount Heimdall properties in British Columbia.

FISH LAKE VALLEY PROPERTY

Fish Lake Valley is a lithium enriched playa (also known as a salar, or salt pan), which is located in northern Esmeralda county in west central Nevada, and the property is roughly centered at 417050E 4195350N (NAD 27 CONUS). We currently hold forty, eighty-acre Association Placer claims that cover approximately 3200 acres (1280 hectares). 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, boron and potassium which could possibly be amenable to extraction by evaporative methods. Our company allowed 56 claims to lapse on September 1, 2012, which covered the southern playa area. These claims were allowed to lapse as it was determined through the course of work over the past three years that they are not overly prospective for hosting lithium brine resources, nor is it strategically advantageous to continue to hold them.

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. To date all disbursements have been made of stock worth a total of \$350,000, and claim ownership has been transferred to our company.

The geological setting at Fish Lake Valley is highly analogous to the salars of Chile, Bolivia, and Peru, and more importantly Clayton Valley, where Chemetall has its 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 12 miles to the south, while the town of Tonopah Nevada is approximately 50 miles to the east.

15

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. Near-surface brine sampling during the Spring of 2011 outlined a boron/lithium/potassium anomaly on the northern portions of the northern playa, 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 (Average 122.5 mg/L), with boron ranging from 1,500 to 2,670 mg/L (Average 2219 mg/L), and potassium from 5,400 to 8,400 mg/L (Average 7030 mg/L). Wet conditions on the playa precluded drilling there in 2011, and for a good portion of 2012, however a window of opportunity presented itself in late fall 2012. In November/December 2012 we conducted a short direct push drill program on the northern end of the playa, wherein a total of 1,240.58 feet (378.09 meters) was drilled in 20 holes at 17 discrete sites, and an area of 3,356 feet (1,023 meters) by 2,776 feet (846 meters) was systematically explored by grid drilling. The deepest hole was 81 feet (24.69 meters), and the shallowest hole that produced brine was 34 feet (10.36 meters). The average depth of the holes drilled during the program was 62 feet (18.90). The program successfully demonstrated that lithium-boron-potassium-enriched brines exist to at least 62 feet (18.9 meters) depth in sandy or silty aquifers that vary from approximately three to ten feet

Edgar Filing: Lithium Corp - Form 10-Q

(one to three meters) in thickness. Average lithium, boron and potassium contents of all samples are 47.05 mg/L, 992.7 mg/L, and 0.535% respectively, with Lithium values ranging from 7.6 mg/L to 151.3 mg/L, boron ranging from 146 to 2,160.7 mg/L, and potassium ranging from 0.1 to 1.3%. The anomaly outlined by the drill program is 1,476 by 2,461 feet (450 meters by 750 meters), and is not fully delimited, as the area available for drilling was restricted due to soft ground conditions to the east and to the south. A 50 mg/L lithium cutoff is used to define this anomaly and within this zone average lithium, boron and potassium contents are 90.97 mg/L, 1,532.92 mg/L, and 0.88% respectively.

Our company is very pleased with the results here, and believes that the playa at Fish Lake Valley may be conducive to the formation of a "Silver Peak" style lithium brine deposit. Our company is reviewing the results in regards to the overall geological interpretation of the lithium, boron and potassium bearing strata. The results confirm the presence of targeted mineralization and further evaluation programs will focus on determining the extent and depth of mineralization.

On September 3, 2013, we announced that drilling had commenced at Fish Lake Valley. Due to recent storms and wet conditions in the area which our company hoped to concentrate on, the playa was not passable, and so the program concentrated on larger step-out drilling well off the playa. This 11 hole, 1,025 foot program did prove that mineralization does not extend much if at all past the margins of the playa. Our company intends to drill again as soon as conditions on the playa improve sufficiently.

SAN EMIDIO PROPERTY

The San Emidio property was acquired through the staking of claims in September 2011. The twenty, eighty-acre Association Placer claims currently held here cover an area of approximately 1600 acres (640 hectares). Ten claims in the southern portions of the original claim block that was staked in 2011 were allowed to lapse on September 1, 2012, and a further ten claims were then staked and recorded. These new claims are north of, and contiguous to the surviving claims from our earlier block. The property is approximately 65 miles north-northeast of Reno, Nevada, and has excellent infrastructure.

We developed this prospect during 2009, and 2010 through surface sampling, and the early reconnaissance sampling determined that anomalous values for lithium occur in the playa sediments over a good portion of the playa. This sampling appeared to indicate that the most prospective areas on the playa may be on the newly staked block proximal to the southern margin of the basin, where it is possible the structures that are responsible for the geothermal system here may also have influenced lithium deposition in sediments.

Our company conducted near-surface brine sampling in the spring of 2011, and a high resolution gravity geophysical survey in summer/fall 2011. Our company then permitted a 7 hole drilling program with the Bureau of Land management in late fall 2011, and a direct push drill program was commenced in early February 2012. Drilling here delineated a narrow elongated shallow brine reservoir which is greater than 2.5 miles length, and which is adjacent to a basinal feature outlined by the earlier gravity survey. Two values of over 20 milligrams/liter lithium were obtained from two holes located centrally in this brine anomaly.

Most recently we drilled this prospect in late October 2012, further testing the area of the property in the vicinity where prior exploration by our company discovered elevated lithium levels in subsurface brines. During the 2012 program a total of 856 feet (260.89 meters) was drilled at 8 discrete sites. The deepest hole was 160 feet (48.76 meters), and the shallowest hole that produced brine was 90 feet (27.43 meters). The average depth of the seven hole program was 107

Edgar Filing: Lithium Corp - Form 10-Q

feet (32.61 meters). The program better defined a lithium-in-brine anomaly that was discovered in early 2012. This anomaly is approximately 0.6 miles (370 meters) wide at its widest point by more than 3 miles (2 kilometers) long. The peak value seen within the anomaly is 23.7 mg/l lithium, which is 10 to 20 times background levels outside the anomaly. Our company believes that much like Fish Lake Valley the playa at San Emidio may be conducive to the formation of a "Silver Peak" style lithium brine deposit, and the recent drilling indicates that the anomaly occurs at or near the intersection of several faults that may have provided the structural setting necessary for the formation of a lithium-in-brine deposit at depth.

Our company is compiling all data, and intends to amend its permits with the Bureau of Land Management, and to commence a deeper drilling program here early in 2014.

MOUNT HEIMDAL FLAKE GRAPHITE PROPERTY

On April 15, 2013, we entered into a mining option agreement between our company and our president, Tom Lewis, wherein we had the option to acquire a 100% interest in the Mount Heimdahl Flake Graphite property in the Slocan Mining Division of British Columbia, Canada.

The Mount Heimdahl property is comprised of three mineral claims, which encompass 2,582 acres (1,045 hectares) of highly metamorphosed rock. The property is roughly six miles (10 kms) south of Eagle Graphite's Black Crystal quarry, and is located within the same package of gneisses, graphite mineralized marbles, and calc-silicate gneisses. Data from BC Geological Survey assessment reports indicate that mineralization grading up to 4.8% graphitic carbon may be located on the property.

High purity graphite is presently the most widely used anode material for lithium ion battery technology, and typically greater than ten times more graphite is used in comparison to lithium in lithium ion battery production. In addition to increased graphite consumption due to growth in lithium ion batteries sales, carbon fiber composites are increasingly being utilized in auto, and aircraft construction. Also, presently there is considerable research into graphene, a flake graphite product, and it is possible a myriad of new applications or discoveries will ensue as a direct result of this work.

Pursuant to the terms of the original agreement, we were required to spend \$15,000 in exploration on the property and complete an assessment report by November 30, 2013, and upon successful completion of the program and the report our company was to earn a 100% interest in the claims, subject to a 1.5% net overriding royalty to the vendor from the proceeds of production.

Prospecting work was performed on the Mount Heimdahl property in June/July 2013 and several mineralized zones were noted here, the best of which graded 3.72% flake graphite. Although the work was encouraging it was decided that our Company would be best served presently by focusing on the BC Sugar property. Our company negotiated an agreement with Tom Lewis, the vendor of Mount Heimdahl whereby the vendor assigned its 100% interest in the property for a 2% net smelter royalty on any proceeds from future production from the property. In addition the vendor holds title to all properties in BC in trust for Lithium Corporation and will transfer all interest at such time as Lithium Corporation creates a subsidiary that is eligible to hold title in mineral properties in British Columbia.

BC SUGAR FLAKE GRAPHITE PROPERTY

On June 6, 2013, we entered into a mining claim sale agreement with Herb Hyder

Edgar Filing: Lithium Corp - Form 10-Q

wherein Mr. Hyder agreed to sell a 50.829 acre (20.57 hectare) claim located in the Cherryville area of British Columbia. As consideration for the purchase of the property, we issued 250,000 shares of our company's common stock to Mr. Hyder. In addition to the acquired claim, our company has also staked another nine claims, to bring the total area to be explored by our company to just slightly over 18,800 acres (7,608.375 hectares). The flake graphite mineralization of interest here is hosted predominately in graphitic calc-silicate and graphitic quartz/biotite/ gneisses. The rocks in the general area of the BC Sugar prospect are similar to the host rocks in the area of the Crystal Graphite deposit 55 miles (90 kms) to the southeast, where our company holds the Mt Heimdal block of claims.

Prospecting and geological work has been ongoing at the property over the summer, and several graphite prospects have been discovered with the best mineralization to date grading over 5% flake graphite. A number of mineralized boulders have also been encountered at various locations on the property, which appear to indicate that the mineralized horizon or horizons may be found at other locales within the claim block.

The BC Sugar property is well placed in the Shushwap Metamorphic Complex, in a geological environment favorable for the formation of flake graphite deposits, and is in an area of excellent logistics, with a considerable network of logging roads within the project area. Additionally the town of Lumby is approximately 19 miles (30 kms) to the south of the property, while the City of Vernon is only 30 miles (50 kms) to the southwest of the western portions of the claim block.

OTHER PROPERTIES

Our company allowed all 62 Association Placer Claims held at our Cortez Prospect in Lander County, Nevada to lapse in September of 2011 as, although drilling there in the summer of 2011 determined that a considerable volume of brine can be found locally, lithium contents were below anomalous thresholds, and our company concluded that it would perhaps be more prudent to focus resources elsewhere.

Similarly the Salt Wells property was acquired through staking a 12,320 acre parcel that covers the Eightmile Basin, in Churchill County, Nevada in 2009 and 2010. In September 2011, the property was reduced as we allowed a number of non-prospective, non-strategic claims to lapse. Exploratory drilling in the fall of 2011 was disappointing and the remaining 80 claims here were allowed to lapse in September 2012.

There are no further commitments or contingencies related to any of these mineral properties.

We are currently exploring other locations which are felt to be prospective for hosting lithium or graphite mineralization, as well as evaluating opportunities brought to the company by third parties.

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 2013 COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 2012

We had a net loss of \$128,902 for the three month period ended September 30, 2013, which was \$314,400 less than the net loss of \$443,302 for the three month period ended September 30, 2012. The change in our results over the two periods is primarily the result of no write-down of mineral properties.

The following table summarizes key items of comparison and their related

Edgar Filing: Lithium Corp - Form 10-Q

increase (decrease) for the three month periods ended September 30, 2013 and 2012:

	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Change Between Three Month Period Ended September 30, 2013 and September 30, 2012
	-----	-----	-----
Professional fees	\$ 10,977	\$ 13,273	\$ (2,296)
Depreciation	73	54	19
Exploration expenses	79,983	16,700	63,283
Consulting fees	13,750	18,550	(4,800)
Insurance expense	4,372	3,903	469
Investor relations	8,240	11,852	(3,612)
Transfer agent and filing fees	1,482	2,498	(1,016)
Travel	7,620	5,396	2,224
Stock option compensation	Nil	Nil	Nil
Write-down of mineral properties	Nil	369,137	(369,137)
General and administrative	2,501	2,257	244
Interest/Other income	(96)	(318)	(222)
	-----	-----	-----
Net loss	\$ (128,902)	\$ (443,302)	\$ (314,400)
	=====	=====	=====

NINE MONTHS ENDED SEPTEMBER 30, 2013 COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2012

We had a net loss of \$290,391 for the nine month period ended September 30, 2013, which was \$319,451 less than the net loss of \$609,842 for the nine month period ended September 30, 2012. The change in our results over the two periods is primarily the result of no write-off of exploration expenses in 2013.

The following table summarizes key items of comparison and their related increase (decrease) for the nine month periods ended September 30, 2013 and 2012:

	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012	Change Between Nine Month Period Ended September 30, 2013 and September 30, 2012
	-----	-----	-----
Professional fees	\$ 41,010	\$ 46,612	\$ (5,602)
Depreciation	181	162	19
Exploration expenses	104,572	49,459	55,113
Consulting fees	53,200	44,768	8,432
Insurance expense	13,116	11,709	1,407
Investor relations	33,014	36,600	(3,586)
Transfer agent and filing fees	5,383	6,704	(1,321)
Travel	22,156	13,178	8,978
Stock option compensation	10,089	23,731	(13,642)
Write-down of mineral properties	Nil	369,137	(369,137)
General and administrative	7,954	9,207	884
Interest/Other income	(284)	(1,425)	1,141
	-----	-----	-----

Edgar Filing: Lithium Corp - Form 10-Q

Net loss	\$ (290,391)	\$ (609,842)	\$ (319,451)
	=====	=====	=====

19

REVENUE

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

LIQUIDITY AND CAPITAL RESOURCES

Our balance sheet as of September 30, 2013, reflects current assets of \$901,540. We had cash in the amount of \$873,083 and a working capital in the amount of \$899,169 as of September 30, 2013. 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, 2013	At December 31, 2012
	-----	-----
Current assets	\$ 901,540	\$1,249,038
Current liabilities	2,371	53,201
	-----	-----
Working capital	\$ 899,169	\$1,195,837
	=====	=====

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,	
	2013	2012
	-----	-----
Net cash provided by (used in) operating activities	\$ (288,679)	\$ (194,577)
Net cash provided by (used in) investing activities	(24,889)	(25,760)
Net cash provided by (used in) financing activities	Nil	Nil
	-----	-----
Net increase (decrease) in cash during period	\$ (313,568)	\$ (220,337)
	=====	=====

OPERATING ACTIVITIES

Net cash flow used in operating activities during the nine months ended September 30, 2013 was \$288,679, an increase of \$94,102 from the \$194,577 net cash outflow during the nine months ended September 30, 2012.

INVESTING ACTIVITIES

The primary driver of cash provided by investing activities was capital spending in the acquisition of mineral claims at our BC Sugar property in British Columbia.

Cash used in investing activities during the nine months ended September 30, 2013 was \$24,889, which was a \$871 decrease from the \$25,760 cash used on

Edgar Filing: Lithium Corp - Form 10-Q

investing activities during the nine months ended September 30, 2012. This decrease in the cash used in investing activities was primarily due to a decrease in claim acquisitions in 2013 the acquisition of claims at our BC Sugar property.

FINANCING ACTIVITIES

Cash used in financing activities during the nine months ended September 30, 2013 was \$Nil as compared to \$Nil in cash used in financing activities during the nine months ended September 30, 2012.

20

We estimate that we will spend approximately \$200,000 on general and administrative expenses, \$250,000 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	200,000
Exploration Expenses	250,000
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 a profitable level of operations. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

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

Cash on hand as of September 30, 2013 was \$873,083.

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

Edgar Filing: Lithium Corp - Form 10-Q

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.

21

CRITICAL ACCOUNTING POLICIES

EXPLORATION STAGE COMPANY

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles related to accounting and reporting by exploration stage companies. An exploration stage company is one in which planned principal operations have not commenced or if its operations have commenced, there has been no significant revenues there from.

ACCOUNTING BASIS

Our company uses the accrual basis of accounting and accounting principles generally accepted in the United States of America ("GAAP" accounting). Our company has adopted a December 31 fiscal year end.

CASH AND CASH EQUIVALENTS

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

CONCENTRATIONS OF CREDIT RISK

Our company maintains its cash in bank deposit accounts, the balances of which at times may exceed federally insured limits. Our company continually monitors its banking relationships and consequently has not experienced any losses in such accounts. Our company believes it is not exposed to any significant credit risk on cash and cash equivalents.

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.

REVENUE RECOGNITION

Our company is in the exploration stage and has yet to realize revenues from operations. Once our company has commenced operations, it will recognize revenues when delivery of goods or completion of services has occurred provided there is persuasive evidence of an agreement, acceptance has been approved by its customers, the fee is fixed or determinable based on the completion of

Edgar Filing: Lithium Corp - Form 10-Q

stated terms and conditions, and collection of any related receivable is probable.

PRINCIPLES OF CONSOLIDATION

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

LOSS PER SHARE

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

22

PROPERTY AND EQUIPMENT

Property and 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 receivable, prepaid expenses, and accounts payable and accrued liabilities. 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 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. Impairment of \$Nil and \$369,137 were recorded in the periods ended September 30,

Edgar Filing: Lithium Corp - Form 10-Q

2013 and 2012 respectively, relating to the abandonment of some mineral claims.

OFFICE LEASE

Our company rents office space in Las Vegas, Nevada for \$700 per month. The arrangement is on a month-by-month basis and can be terminated by either party with one month's notice.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 4. CONTROLS AND PROCEDURES

MANAGEMENT'S REPORT ON DISCLOSURE CONTROLS AND PROCEDURES

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

23

As of the end of the 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

During the period covered by this report there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

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

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

None.

Edgar Filing: Lithium Corp - Form 10-Q

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

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)
	24
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)
10.4	Mining Option Agreement dated April 15, 2013 between our company and Thomas Lewis (incorporated by reference to our Current Report on Form 8-K filed on April 22, 2013)
10.5	Mining Claim Sale Agreement dated June 6, 2013 between our company and Herb Hyder (incorporated by reference to our Current Report on Form 8-K filed on June 12, 2013)

Edgar Filing: Lithium Corp - Form 10-Q

10.6* Trust Agreement dated August 30, 2013 between our company and Tom Lewis

(14) CODE OF ETHICS

14.1 Code of Business Conduct and Ethics (incorporated by reference to our Annual Report on Form 10-K filed on April 15, 2013)

(21) SUBSIDIARIES OF THE REGISTRANT

21.1 Nevada Lithium Corporation, a Nevada 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

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

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.

25

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 7, 2013

/s/ Tom Lewis

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

26