

Edgar Filing: Lithium Corp - Form 10-Q

Lithium Corp
Form 10-Q
May 21, 2012

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

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2012
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 000-54322

LITHIUM CORPORATION

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction
of incorporation or organization)

98-0530295
(IRS Employer
Identification No.)

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

89521
(Zip Code)

775.410.5287
(Registrant's telephone number, including area code)

Not Applicable
(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)

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

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS

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

63,661,408 common shares issued and outstanding as of May 18, 2012.

LITHIUM CORPORATION FORM 10-Q

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Our unaudited consolidated interim financial statements for the three month period ended March 31, 2012 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.

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

| | March 31, 2012 | December 2011 |
|---|-------------------|------------------|
| | ----- | ----- |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 895,370 | \$ 95,370 |
| Accounts receivable | 674 | 674 |
| Prepaid expenses | 55,863 | 55,863 |
| | ----- | ----- |
| TOTAL CURRENT ASSETS | 951,907 | 1,067,770 |
| | ----- | ----- |
| OTHER ASSETS | | |
| Property and equipment, net | 323 | 323 |
| Mineral properties | 506,516 | 506,516 |
| | ----- | ----- |
| TOTAL OTHER ASSETS | 506,839 | 506,839 |
| | ----- | ----- |
| TOTAL ASSETS | \$ 1,458,746 | \$ 1,574,609 |
| | ===== | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | \$ 13,145 | \$ 13,145 |
| | ----- | ----- |
| TOTAL CURRENT LIABILITIES | 13,145 | 13,145 |
| | ----- | ----- |
| TOTAL LIABILITIES | 13,145 | 13,145 |
| | ----- | ----- |
| Commitments and contingencies | -- | -- |
| STOCKHOLDERS' EQUITY | | |
| Common stock, 3,000,000,000 shares authorized, par value \$0.001; 63,661,408 common shares issued and outstanding | 63,662 | 63,662 |
| Additional paid in capital | 1,718,093 | 1,718,093 |
| Additional paid in capital - options | 179,587 | 179,587 |
| Additional paid in capital - warrants | 1,252,243 | 1,252,243 |
| Deficit accumulated during the exploration stage | (1,767,984) | (1,767,984) |
| | ----- | ----- |
| TOTAL STOCKHOLDERS' EQUITY | 1,445,601 | 1,574,609 |
| | ----- | ----- |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 1,458,746 | \$ 1,574,609 |
| | ===== | ===== |

See the accompanying notes to the interim consolidated financial statements

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

| | Three Months Ended March 31, 2012 | Three Months Ended March 31, 2011 |
|--|--|--|
| | ----- | ----- |
| REVENUE | \$ -- | \$ -- |
| | ----- | ----- |
| OPERATING EXPENSES | | |
| Professional fees | 9,832 | 1,814 |
| Amortization | 54 | 250 |
| Exploration expenses | 29,119 | 39,410 |
| Consulting fees | 15,150 | -- |
| Insurance expense | 3,903 | 3,860 |
| Investor relations | 14,954 | 13,835 |
| Interest expense | -- | -- |
| Management fees | -- | -- |
| Transfer agent and filing fees | 2,431 | 2,342 |
| Travel | 6,920 | 6,092 |
| Stock option compensation | -- | -- |
| Website development costs | -- | -- |
| Write-down of website costs | -- | -- |
| Write-down of mineral properties | -- | -- |
| General and administrative | 2,201 | 1,557 |
| | ----- | ----- |
| TOTAL OPERATING EXPENSES | 84,564 | 69,160 |
| | ----- | ----- |
| LOSS BEFORE FROM OPERATIONS | (84,564) | (69,160) |
| | | |
| OTHER INCOME (EXPENSE) | | |
| Other income | 671 | -- |
| Interest income | 206 | 414 |
| | ----- | ----- |
| LOSS BEFORE INCOME TAXES | (83,687) | (68,746) |
| PROVISION FOR INCOME TAXES | -- | -- |
| | ----- | ----- |
| NET LOSS | \$ (83,687) | \$ (68,746) |
| | ===== | ===== |
| NET LOSS PER SHARE: BASIC AND DILUTED | \$ (0.00) | \$ (0.00) |
| | ===== | ===== |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING: | | |
| BASIC AND DILUTED | 63,661,408 | 63,062,398 |
| | ===== | ===== |

See the accompanying notes to the interim consolidated financial statements

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Lithium Corporation
(An Exploration Stage Company)
Consolidated Statement of Stockholders' Equity (unaudited)
From January 30, 2007 (Inception) to March 31, 2012

| | Common Stock | | Additional Paid in Capital | Additional Paid in Capital- Warrants | Additional Paid in Capital- Options |
|---|---------------|-----------|----------------------------------|---|--|
| | Shares | Amount | | | |
| Balance, January 30, 2007 (date of inception) | -- | \$ -- | \$ -- | \$ -- | \$ -- |
| Shares issued to founder on January 30, 2007 @ \$0.001 per share (par value \$0.001 per share) | 240,000,000 | 240,000 | (220,000) | -- | -- |
| Net loss for the period ended December 31, 2007 | -- | -- | -- | -- | -- |
| Balance, December 31, 2007 | 240,000,000 | 240,000 | (220,000) | -- | -- |
| Common stock issued for cash @ \$0.10 per share | 28,200,000 | 28,200 | 18,800 | -- | -- |
| Net loss for the year ended December 31, 2008 | -- | -- | -- | -- | -- |
| Balance, December 31, 2008 | 268,200,000 | 268,200 | (201,200) | -- | -- |
| Shares issued in conjunction with merger | 12,350,000 | 12,350 | 537,355 | -- | -- |
| Shares cancelled | (220,000,000) | (220,000) | 220,000 | -- | -- |
| Net loss for the year ended December 31, 2009 | -- | -- | -- | -- | -- |
| Balance, December 31, 2009 | 60,550,000 | 60,550 | 556,155 | -- | -- |
| Shares issued with respect to Fish Lake | 367,288 | 368 | 174,632 | -- | -- |
| Common stock issued for cash @ \$1.00 per share | 2,000,000 | 2,000 | 745,757 | 1,252,243 | -- |
| Stock options issued | -- | -- | -- | -- | 244,045 |
| Net loss for the year ended Dec 31, 2010 | -- | -- | -- | -- | -- |
| Balance, December 31, 2010 | 62,917,288 | 62,918 | 1,476,544 | 1,252,243 | 244,045 |
| Shares issued with respect to Fish Lake | 394,120 | 394 | 87,106 | -- | -- |
| Forgiveness of debt | -- | -- | 6,335 | -- | -- |
| Options exercised | 350,000 | 350 | 148,108 | -- | (64,458) |
| Net loss | -- | -- | -- | -- | -- |
| Balance, December 31, 2011 | 63,661,408 | 63,662 | 1,718,093 | 1,252,243 | 179,587 |
| Net loss | -- | -- | -- | -- | -- |

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| | | | | | |
|-------------------------|------------|-----------|-------------|-------------|-----------|
| Balance, March 31, 2012 | 63,661,408 | \$ 63,662 | \$1,718,093 | \$1,252,243 | \$179,587 |
| | ===== | ===== | ===== | ===== | ===== |

See the accompanying notes to the interim consolidated financial statements

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

| | Three Months Ended March 31, 2012 | Three Months Ended March 31, 2011 |
|---|--|--|
| | ----- | ----- |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss for the period | \$ (83,687) | \$ (68,74) |
| Adjustment for non-cash items: | | |
| Write-down of software development | -- | - |
| Write-down of mineral properties | -- | - |
| Stock option compensation expense | -- | - |
| Amortization | 54 | 25 |
| Changes in assets and liabilities: | | |
| (Increase) decrease in accounts receivable | -- | - |
| (Increase) decrease in prepaid expenses | 17,558 | 11,81 |
| Increase (decrease) in accounts payable and accrued liabilities | (8,585) | (4,24) |
| | ----- | ----- |
| NET CASH USED IN OPERATING ACTIVITIES | (74,660) | (60,92) |
| | ----- | ----- |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of equipment | -- | - |
| Purchase of software development | -- | - |
| Interest in mineral properties | -- | (11,55) |
| | ----- | ----- |
| NET CASH USED IN INVESTING ACTIVITIES | -- | (11,55) |
| | ----- | ----- |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from (repayment) of loan payable | -- | - |
| Proceeds from (repayment to) director | -- | - |
| Proceeds from sale of stock | -- | - |
| | ----- | ----- |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | -- | - |
| | ----- | ----- |
| Increase (decrease) in cash | (74,660) | (72,48) |
| Cash, beginning of period | 970,030 | 1,398,27 |
| | ----- | ----- |
| CASH, END OF PERIOD | \$ 895,370 | \$ 1,326,27 |
| | ===== | ===== |
| SUPPLEMENTAL CASH FLOW INFORMATION: | | |

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| | | |
|---|-------|----------|
| Cash paid for interest | \$ 0 | \$ |
| | ===== | ===== |
| Cash paid for income taxes | \$ 0 | \$ |
| | ===== | ===== |
| SUPPLEMENTAL NON-CASH INVESTING AND FINANCING | | |
| ACTIVITIES: | | |
| Common stock issued for mineral properties | \$ 0 | \$ 43,75 |
| | ===== | ===== |
| Shareholder debt converted to contributed capital | \$ 0 | \$ |
| | ===== | ===== |

See the accompanying notes to the interim consolidated financial statements

Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
March 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Nevada Lithium Corporation was incorporated on March 16, 2009 under the laws of Nevada under the name Lithium Corporation. On September 10, 2009, the Company amended its articles of incorporation to change its name to Nevada Lithium Corporation. By agreement dated October 09, 2009 Nevada Lithium Corporation and Lithium Corporation amalgamated as Lithium Corporation. Lithium Corporation is engaged in the acquisition and development of certain lithium interests in the state of Nevada, and is currently in the exploration stage.

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.

Basis of Presentation

The accompanying unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission ("SEC"), and should be read in conjunction with the audited financial statements and notes thereto contained in the Company's registration statement filed with the SEC on Form 10-K. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for the financial statements to be not misleading 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. 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

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

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Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
March 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

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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.

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 \$134,213 was recorded in 2011 relating to the abandonment of some mineral claims.

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Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
March 31, 2012

NOTE 2 - GOING CONCERN

Lithium's financial statements are prepared using generally accepted accounting principles applicable to a going concern, which contemplates that the Company will continue in operation for the foreseeable future and will realize its assets and liquidate its liabilities in the normal course of business. However, Lithium has no current source of revenue, recurring losses and a deficit accumulated during the exploration stage of \$1,767,984 as of March 31, 2012. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. Lithium's management plans on raising cash from public or private debt or equity financing, on an as-needed basis and in the longer term, revenues from the acquisition, exploration and development of mineral interests, if found. Lithium's ability to continue as a going concern is dependent on these additional cash financings and, ultimately, upon achieving profitable operations through the development of mineral interests. The successful outcome of future activities cannot be determined at this time. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 3 - PREPAID EXPENSES

Prepaid expenses consisted of the following at March 31, 2012 and 2011:

| | March 31, 2012 | December 31, 2011 |
|--------------------|-------------------|----------------------|
| | ----- | ----- |
| Exploration costs | \$ -- | \$ 9,000 |
| Bonds | 39,754 | 39,754 |
| Rent | 298 | 298 |
| Insurance | 8,492 | 12,395 |
| Office | 3,335 | 5,804 |
| Investor relations | 3,984 | 6,168 |

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| | | |
|------------------------|-----------|-----------|
| Consulting | -- | -- |
| | ----- | ----- |
| Total prepaid expenses | \$ 55,863 | \$ 73,421 |
| | ===== | ===== |

NOTE 4 - PROPERTY AND EQUIPMENT

| | | |
|--------------------------------|-----------|--------------|
| | March 31, | December 31, |
| | 2012 | 2011 |
| | ----- | ----- |
| Computer Equipment | \$ 2,433 | \$ 2,433 |
| Less: Accumulated depreciation | (2,201) | (2,056) |
| | ----- | ----- |
| Property and equipment, net | \$ 323 | \$ 377 |
| | ===== | ===== |

Depreciation expense was \$54 and \$250 for the three months ended March 31, 2012 and 2011, respectively.

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Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
March 31, 2012

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 1st 2011, and this quitclaim was recorded at the county level on August 3rd 2011, and at the BLM on August 4th 2011. Quarterly stock disbursements were made on the following schedule:

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

As at March 31, 2012, the Company has recorded \$414,168 in acquisition costs related to the Fish Lake Property.

Staked Properties

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

| | | |
|------------|------------------------|----------|
| Name | Claims (Area in Acres) | Amount |
| ---- | ----- | ----- |
| Salt Wells | 156 (12,480) | \$74,452 |
| Other | | \$17,896 |

The Company performs an impairment test on an annual basis to determine whether

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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 allowance was recorded during the three months ended March 31, 2012 and 2011.

NOTE 6 - CAPITAL STOCK

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

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

Common Stock

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

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

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Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
March 31, 2012

NOTE 6 - CAPITAL STOCK (CONTINUED)

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.

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

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of the Fish Lake Property acquisition.

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

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

There were 63,661,408 shares of common stock issued and outstanding as of March 31, 2012.

Warrants

| Issue Date ----- | Number ----- | Price ----- | Expiry Date ----- | Outstanding at March 31, 2012 ----- |
|---------------------|-----------------|----------------|----------------------|---|
| March 24, 2010 | 2,000,000 | \$1.35 | March 24, 2012 | -- |

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

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Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
March 31, 2012

NOTE 6 - CAPITAL STOCK (CONTINUED)

Stock Based Compensation

The Company granted 500,000 options at an exercise price of \$0.28 to consultants in exchange for various professional services. The Company granted another 800,000 options to consultants for management services at exercise price of \$0.24. These options were vested on the date of grant. During the year ended December 31, 2011, 350,000 stock options were exercised for proceeds totalling \$84,000. The Company uses the Black-Scholes option valuation model to value stock options granted. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates, which are subjective and may not be representative of actual results. Assumptions used to determine the fair value of the stock based compensation is as follows:

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

| Exercise Prices ----- | Total Options Outstanding ----- | Weighted Average Remaining Life (Years) ----- | Total Weighted Average Exercise Price ----- | Options Exercisable ----- |
|-----------------------------|--|---|---|---------------------------------|
| \$0.28 | 500,000 | 3.48 | \$0.28 | 500,000 |
| \$0.24 | 450,000 | 3.48 | \$0.24 | 450,000 |

Total stock-based compensation for the three months ended March 31, 2012 was

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\$Nil (2011: \$Nil).

The following table summarizes the stock options outstanding at March 31, 2012:

| Issue Date ----- | Number ----- | Price ----- | Expiry Date ----- | Outstanding at March 31, 2012 ----- |
|---------------------|-----------------|----------------|----------------------|---|
| September 23, 2010 | 500,000 | \$0.28 | September 23, 2015 | 500,000 |
| September 23, 2010 | 450,000 | \$0.24 | September 23, 2015 | 450,000 |

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Lithium Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
March 31, 2012

NOTE 7 - INCOME TAXES

As of March 31, 2012, the Company had net operating loss carry forwards of approximately \$1,797,984 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:

| | Three Months Ended March 31, 2012 ----- | Three Months Ended March 31, 2011 ----- |
|---|---|---|
| Federal income tax benefit attributable to: | | |
| Current operations | \$ 28,453 | \$ 23,374 |
| Less: valuation allowance | (28,453) | (23,374) |
| | ----- | ----- |
| 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:

| | March 31, 2012 ----- | December 31, 2011 ----- |
|-------------------------------------|----------------------------|-------------------------------|
| Deferred tax asset attributable to: | | |
| Net operating loss carryover | \$601,114 | \$572,661 |
| Less: valuation allowance | (601,114) | (572,661) |
| | ----- | ----- |
| 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 \$1,767,984 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.

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NOTE 8 - SUBSEQUENT EVENTS

The Company has analyzed its operations subsequent to March 31, 2012 through the date these financial statements were issued, and has determined that it does not have any other material subsequent events to disclose.

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

FORWARD LOOKING STATEMENTS

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

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

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

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.

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

Effective September 30, 2009, we effected a 1 old for 60 new forward stock split of our issued and outstanding common stock. As a result, our authorized capital increased from 50,000,000 shares of common stock with a par value of \$0.001 to 3,000,000,000 shares of common stock with a par value of \$0.001 and our issued and outstanding shares increased from 4,470,000 shares of common stock to 268,200,000 shares of common stock.

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

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

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 properties in Nevada, known as the Fish Lake Valley property, the Salt Wells property, and the San Emidio prospect.

FISH LAKE VALLEY PROPERTY

Fish Lake Valley is a lithium enriched playa (also known as a salar, 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 ninety two - eighty (80) acre Association Placer claims that cover approximately 7,360 acres. Lithium-enriched Tertiary-era Fish Lake formation Rhyolitic tuffs or ash flow tuffs have accumulated in a valley or basinal environment. Over time interstitial formational waters in contact with these tuffs, have become enriched in lithium, which could possibly be amenable to the extraction by evaporative methods.

The 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

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agreed to issue the vendors \$350,000 worth of common stock of our company in eight regular disbursements, the last of which occurred on March 31, 2011. To date all disbursements have been made of stock worth a total of \$350,000, and claim ownership has been transferred to Lithium Corporation.

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.

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 has outlined a boron/lithium/potassium anomaly that is roughly 1.3 x 2 miles long, which has a smaller higher grade core where lithium mineralization ranges from 100 to 150 mg/L, with boron ranging from 1,500 to 2,670 mg/L, and potassium from 5,400 to 8,400 mg/L. Our company had planned to drill this property during the summer/fall of 2011, but it had been considerably wetter than normal there, and the opportunity to safely drill this property did not present itself in 2011. Our company plans to drill this property as soon as feasible in 2012.

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SALT WELLS

The Salt Wells property was acquired through staking a 12,320 acre parcel that covers the Eightmile Basin, a playa, which lies approximately 15 miles to the southeast of Fallon, the county seat of Churchill County, Nevada. In 2011 the property was reduced through allowing a number of non-prospective, non-strategic claims to lapse. Currently our company holds 6,400 acres here.

Exploratory sediment sampling of the playa was conducted in the summer and fall of 2009 and 83% of the samples taken within the claim area have returned anomalous values in lithium, with the highest value being in the order of 750 ppm Li. In 2010 continued geochemical work, and geophysical studies were performed on the property, and a brine sampling program is currently underway there. Brine sampling in the winter and spring of 2011 delineated an anomaly here which is roughly three quarters of a mile wide by one and a half miles long, with values up to 36.5 mg/L lithium. This work was followed up by a gravity geophysical survey during the summer of 2011, which indicated that the brine anomaly in this property is proximal to a basin bounding structure.

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

After two failed attempts to drill the property due to wet conditions in spring and summer 2011 our company finally succeeded in completing a 31 site - 3,437 foot direct push drill program in September, 2011. In all, 46 samples were taken at varying depths down to 155 feet subsurface. All samples were submitted to Inspectorate Laboratory in Reno Nevada, with check samples analyzed by ALS Laboratories also of Reno. Strong brines were discovered during the drilling here, however lithium values were generally lower than anticipated, and we are presently considering various options for ongoing exploration here in 2012.

SAN EMIDIO

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The San Emidio property was acquired through the staking of claims in September 2011. The twenty - eighty (80) acre Association Placer claims staked here cover an area of approximately 1,600 acres. The property is approximately 65 miles north-northeast of Reno, Nevada, and has excellent infrastructure.

Lithium Corporation 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.

In spring 2011, our company conducted near-surface brine sampling and a high resolution gravity geophysical survey in summer/fall 2011. The company 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 elongate 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. Our company is currently considering various options for ongoing exploration here in 2012.

OTHER

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 low and our company concluded that it would perhaps be more prudent to focus resources elsewhere.

Lithium Corporation is currently developing plans for exploring other locations which are felt to be prospective for hosting lithium mineralization, as well as evaluating opportunities brought to the company by third parties.

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RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2012 COMPARED TO THE THREE MONTHS ENDED MARCH 31, 2011

We had a net loss of \$83,687 for the three month period ended March 31, 2012, which was \$14,941 more than the net loss of \$68,746 for the three month period ended March 31, 2011. The significant change in our results over the two periods is primarily the result of increased professional fees, consulting fees, insurance expenses, investor relations expenses, transfer agent and filing fees, travel expenses and general and administrative expenses.

The following table summarizes key items of comparison and their related increase (decrease) for the three month periods ended March 31, 2012 and 2011:

| | Three Months Ended March 31, 2012 | Three Months Ended March 31, 2011 | Change Between Three Month Period Ended March 31, 2012 and March 31, 2011 |
|-------------------|--|--|---|
| Revenue | \$ Nil | \$ Nil | \$ Nil |
| Professional fees | 9,832 | 1,814 | 8,018 |

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| | | | |
|--------------------------------|------------|------------|-----------|
| Amortization | 54 | 250 | (196) |
| Exploration expenses | 29,119 | 39,410 | (10,291) |
| Consulting fees | 15,150 | Nil | 15,150 |
| Insurance expense | 3,903 | 3,860 | 43 |
| Investor relations | 14,954 | 13,835 | 1,119 |
| Transfer agent and filing fees | 2,431 | 2,342 | 89 |
| Travel | 6,920 | 6,092 | 828 |
| General and administrative | 2,201 | 1,557 | 644 |
| Other income | (671) | Nil | |
| Interest (income) expense | (206) | (144) | 62 |
| Net loss | \$(83,687) | \$(68,746) | \$ 14,941 |

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 March 31, 2012, reflects current assets of \$951,907. We had cash in the amount of \$674 and a working capital in the amount of \$938,762 as of March 31, 2012. We have sufficient working capital to enable us to carry out our stated plan of operation for the next twelve months.

WORKING CAPITAL

| | At March 30, 2012 | At December 31, 2011 |
|---------------------|-------------------------|----------------------------|
| | ----- | ----- |
| Current assets | \$ 951,907 | \$1,044,125 |
| Current liabilities | 13,145 | 21,730 |
| | ----- | ----- |
| Working capital | \$ 938,762 | \$1,022,395 |
| | ===== | ===== |

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.

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CASH FLOWS

| | Three Months Ended March 31, | |
|---|---------------------------------|------------|
| | 2012 | 2011 |
| | ----- | ----- |
| Net cash provided by (used in) operating activities | \$(74,660) | \$(60,928) |
| Net cash provided by (used in) investing activities | Nil | (11,557) |
| Net cash provided by (used in) financing activities | Nil | Nil |
| | ----- | ----- |
| Net increase (decrease) in cash during period | \$(74,660) | \$(72,485) |
| | ===== | ===== |

OPERATING ACTIVITIES

Net cash flow used in operating activities during the three months ended March 31, 2012 was \$74,660 an increase of \$13,732 from the \$60,928 net cash outflow during the three months ended March 31, 2011.

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INVESTING ACTIVITIES

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

Cash used in investing activities during the three months ended March 31, 2012 was \$Nil, which was a decrease from the \$11,557 of cash used investing activities during the three months ended March 31, 2011. This decrease in the cash used in investing activities was primarily due to a less aggressive exploration program during the period.

FINANCING ACTIVITIES

Cash from financing activities during the three months ended March 31, 2012 was \$Nil, which was unchanged from the \$Nil of cash provided by financing activities during the three months ended March 31, 2011.

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

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can be no assurance that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis, we will be unable to conduct our operations as planned, and we will not be able to meet our other obligations as they become due. In such event, we will be forced to scale down or perhaps even cease our operations.

Cash on hand as of March 31, 2012 was \$895,370.

We are not aware of any known trends, demands, commitments, events or

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uncertainties that will result in or that are reasonably likely to result in our liquidity increasing or decreasing in any material way.

FUTURE FINANCINGS

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

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

OFF-BALANCE SHEET ARRANGEMENTS

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

CRITICAL ACCOUNTING POLICIES

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.

BASIS OF PRESENTATION

The accompanying unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission ("SEC"), and should be read in conjunction with the audited financial statements and notes thereto contained in our company's registration statement filed with the SEC on Form 10-K. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for the financial statements to be not misleading 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. 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.

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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 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.

COMPUTER EQUIPMENT

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

INCOME TAXES

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

FINANCIAL INSTRUMENTS

Our company's financial instruments consist of cash, accounts 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 \$134,213 was recorded in 2011 relating to the abandonment of some mineral claims.

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.

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

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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.

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ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Effective April 11, 2012, John Webster resigned as a director of our company. Mr. Webster's resignation was not the result of any disagreements with our company regarding our operations, policies, practices or otherwise.

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ITEM 6. EXHIBITS

| Exhibit No. ----- | Description ----- |
|----------------------|--|
| (3) | ARTICLES OF INCORPORATION AND BYLAWS |
| 3.1 | Articles of Incorporation (Incorporated by reference to our Registration Statement on Form SB-2 filed on December 21, 2007). |
| 3.2 | Bylaws (Incorporated by reference to our Registration Statement on Form SB-2 filed on December 21, 2007). |
| 3.3 | Articles of Merger (Incorporated by reference to our Current Report on Form 8-K filed on October 2, 2009). 3.4 Certificate of Change (Incorporated by reference to our Current Report on Form 8-K filed on October 2, 2009). |
| (4) | INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES 2009 Stock Option Plan (Incorporated by reference to our Current Report on Form 8-K filed on |
| 4.1 | 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 |

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to our Current Report on Form 8-K filed on October 26, 2009).

(21) SUBSIDIARIES OF THE REGISTRANT

21.1 Nevada Lithium Corporation

(31) RULE 13A-14 (D)/15D-14D) CERTIFICATIONS

31.1* Section 302 Certification by the Principal Executive Officer and Principal Financial Officer.

(32) SECTION 1350 CERTIFICATIONS

32.1* Section 906 Certification by the Principal Executive Officer and Principal Financial Officer.

101** INTERACTIVE DATA FILE

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.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LITHIUM CORPORATION
(Registrant)

Dated: May 21, 2012

/s/ Tom Lewis

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

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