

Edgar Filing: Lithium Corp - Form 10-K

Lithium Corp  
Form 10-K  
April 11, 2011

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2010

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

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

Commission file number 333-148266

LITHIUM CORPORATION  
(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction of  
incorporation or organization)

98-0530295  
(I.R.S. Employer  
Identification No.)

200 S. Virginia St. - 8th Floor, Reno, Nevada  
(Address of principal executive offices)

89501  
(Zip Code)

Registrant's telephone number, including area code: 775.398.3047

Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class<br>----- | Name of Each Exchange On Which Registered<br>----- |
|------------------------------|--|
| N/A                          | N/A  |

Securities registered pursuant to Section 12(g) of the Act:

N/A  
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act Yes  No

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 last 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, 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 registration statement was required to submit and post such files).  
Yes  No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (ss.229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition 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 [X]

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

The aggregate market value of Common Stock held by non-affiliates of the Registrant on June 30, 2010 was \$18,122,660 based on a \$0.425 average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter..

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

63,311,408 as of April 11, 2011

### DOCUMENTS INCORPORATED BY REFERENCE

None.

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### PART I

#### ITEM 1. BUSINESS

This annual 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, including the risks in the section entitled "Risk 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 financial statements are stated in United States Dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles.

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

As used in this current report and unless otherwise indicated, the terms "we", "us" and "our" mean Lithium Corporation, and our wholly owned subsidiary, Nevada Lithium Corporation, unless otherwise indicated.

#### 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 one (1) old for 60 new forward stock split of our issued and outstanding common stock. As a result, our authorized capital increased from 50,000,000 shares of common stock with a par value of \$0.001 to 3,000,000,000 shares of common stock with a par value of \$0.001 and our issued and outstanding shares increased from 4,470,000 shares of common stock to 268,200,000 shares of common stock.

Also effective September 30, 2009, we have 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 becomes effective with the Over-the-Counter Bulletin Board at the opening for trading on October 1, 2009 under the new stock symbol "LTUM". Our new 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.

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

### OUR CURRENT BUSINESS

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

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

### FISH LAKE VALLEY PROPERTY

Fish Lake Valley is a lithium enriched salar (also known as a Playa, dry lake, or Salt Pan), which is located in west central Nevada in northern Esmeralda county, and is roughly centered at 417050E 4195350N (NAD 27 CONUS). The company staked an additional 12 eighty (80) acre Association Placer claims in 2010 adjacent to the original eighty claims, and the land package here presently covers approximately 7360 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.

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The geological setting at Fish Lake Valley is highly analogous to the salars of Chile, Bolivia, & Peru. Access is excellent in Fish Lake Valley with all weather gravel roads leading to the property from State Highways 264, and 265, and maintained gravel roads ring the Playa. Power is available approximately 15 kilometers from the property, and the village of Dyer is approximately 20 kilometers to the south, while the town of Tonopah Nevada is approximately 75 kilometers to the East.

The company conducted preliminary SP, and Gravity geophysical surveys on the property in 2010, followed by the drilling of 42 shallow holes on the periphery of the playa in Fall of 2010. Drilling could not be performed on the playa due to extremely wet conditions in the Fall of 2010. A number of samples came back weakly anomalous for lithium, but no economic mineralization was encountered during the drill program. Surface brine sampling is currently underway, and drilling is planned on the playa in summer of 2011.

The property is held under mining lease purchase agreement dated June 1, 2009 between Nevada Lithium Corporation, and Nevada Alaska Mining Co. Inc., Robert Craig, Barbara Craig, and Elizabeth Dickman. Nevada Lithium has agreed to issue the vendors \$350,000 worth of common stock of the company in eight regular disbursements, the last of which is slated to occur on March 31st 2011. To date all except the last disbursement has been made of stock worth a total of \$306,250.

### SALT WELLS

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

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

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

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

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The company is presently conducting a final round of geochemical studies, and has recently submitted a permit application to the BLM in Carson City, as it is the company's intention to drill on the property this summer.

### CORTEZ PROPERTY

The company staked a block of approximately 4960 acres in the fall of 2009 on this playa situated in Lander County Nevada. The property is situated about 7 miles to the south of Barrick Gold's Cortez Hills mine, and is approximately 47 miles to the southeast of Battle Mountain, the county seat. The prospect is on

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the edge of the Caetano trough, where a thick sequence of Tertiary volcanic rocks with elevated lithium values have accumulated. Past sampling has indicated that the sediments in the playa are almost ubiquitously enriched in lithium, with values typically in the 2 - 400 ppm million range. The property is easily accessed by gravel roads, and power is available on the eastern side of the playa.

The company conducted geochemical, and geophysical surveys on the property in 2009, and 2010 and are currently conducting a shallow brine geochemistry survey in preparation for drilling in the summer of 2011.

### WEST BIG SMOKY

The West Big Smoky Valley property was acquired through claim staking in the fall of 2009. Due to mediocre exploration results and a number of overlapping competitive claims here, it was decided to let the claims lapse in the fall of 2010.

### BEOWAWE PROPERTY

The Beowawe property was acquired through staking in fall of 2009. Although initial exploration results were quite good, due to the fractured land position it was decided to let the claims here lapse in the fall of 2010.

### FISH CREEK CALDERA

The Company terminated its option of the Fish Creek Caldera prospect in August of 2010.

### COMPETITION

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

### COMPLIANCE WITH GOVERNMENT REGULATION

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

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

### EMPLOYEES

Currently our only employees are our directors and officers.

We do and will continue to outsource contract employment as needed. With project advancement and if we are successful in any exploration or drilling programs, we may retain additional employees.

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### SUBSIDIARIES

We have one wholly owned subsidiary, Nevada Lithium Corporation, a Nevada corporation.

### ITEM 1A. RISK FACTORS

Our business operations are subject to a number of risks and uncertainties, including, but not limited to those set forth below:

#### RISKS ASSOCIATED WITH MINING

ALL OF OUR PROPERTIES ARE IN THE EXPLORATION STAGE. THERE IS NO ASSURANCE THAT WE CAN ESTABLISH THE EXISTENCE OF ANY MINERAL RESOURCE ON ANY OF OUR PROPERTIES IN COMMERCIALY EXPLOITABLE QUANTITIES. UNTIL WE CAN DO SO, WE CANNOT EARN ANY REVENUES FROM OPERATIONS AND IF WE DO NOT DO SO WE WILL LOSE ALL OF THE FUNDS THAT WE EXPEND ON EXPLORATION. IF WE DO NOT DISCOVER ANY MINERAL RESOURCE IN A COMMERCIALY EXPLOITABLE QUANTITY, OUR BUSINESS COULD FAIL.

Despite exploration work on our mineral properties, we have not established that any of them contain any mineral reserve, nor can there be any assurance that we will be able to do so. If we do not, our business could fail.

A mineral reserve is defined by the Securities and Exchange Commission in its Industry Guide 7 (which can be viewed over the Internet at <http://www.sec.gov/about/forms/industryguides.pdf>) as that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. The probability of an individual prospect ever having a "reserve" that meets the requirements of the Securities and Exchange Commission's Industry Guide 7 is extremely remote; in all probability our mineral resource property does not contain any 'reserve' and any funds that we spend on exploration will probably be lost.

Even if we do eventually discover a mineral reserve on one or more of our properties, there can be no assurance that we will be able to develop our properties into producing mines and extract those resources. Both mineral exploration and development involve a high degree of risk and few properties which are explored are ultimately developed into producing mines.

The commercial viability of an established mineral deposit will depend on a number of factors including, by way of example, the size, grade and other attributes of the mineral deposit, the proximity of the resource to infrastructure such as a smelter, roads and a point for shipping, government regulation and market prices. Most of these factors will be beyond our control, and any of them could increase costs and make extraction of any identified mineral resource unprofitable.

MINERAL OPERATIONS ARE SUBJECT TO APPLICABLE LAW AND GOVERNMENT REGULATION. EVEN IF WE DISCOVER A MINERAL RESOURCE IN A COMMERCIALY EXPLOITABLE QUANTITY, THESE LAWS AND REGULATIONS COULD RESTRICT OR PROHIBIT THE EXPLOITATION OF THAT MINERAL RESOURCE. IF WE CANNOT EXPLOIT ANY MINERAL RESOURCE THAT WE MIGHT DISCOVER ON OUR PROPERTIES, OUR BUSINESS MAY FAIL.

Both mineral exploration and extraction require permits from various foreign, federal, state, provincial and local governmental authorities and are governed by laws and regulations, including those with respect to prospecting, mine development, mineral production, transport, export, taxation, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. There can be no assurance that we will be able to obtain or maintain any of the permits required for the continued exploration of our mineral properties or for the construction and operation of a

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mine on our properties at economically viable costs. If we cannot accomplish these objectives, our business could fail.

We believe that we are in compliance with all material laws and regulations that currently apply to our activities but there can be no assurance that we can continue to remain in compliance. Current laws and regulations could be amended and we might not be able to comply with them, as amended. Further, there can be no assurance that we will be able to obtain or maintain all permits necessary for our future operations, or that we will be able to obtain them on reasonable terms. To the extent such approvals are required and are not obtained, we may be delayed or prohibited from proceeding with planned exploration or development of our mineral properties.

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IF WE ESTABLISH THE EXISTENCE OF A MINERAL RESOURCE ON ANY OF OUR PROPERTIES IN A COMMERCIALY EXPLOITABLE QUANTITY, WE WILL REQUIRE ADDITIONAL CAPITAL IN ORDER TO DEVELOP THE PROPERTY INTO A PRODUCING MINE. IF WE CANNOT RAISE THIS ADDITIONAL CAPITAL, WE WILL NOT BE ABLE TO EXPLOIT THE RESOURCE, AND OUR BUSINESS COULD FAIL.

If we do discover mineral resources in commercially exploitable quantities on any of our properties, we will be required to expend substantial sums of money to establish the extent of the resource, develop processes to extract it and develop extraction and processing facilities and infrastructure. Although we may derive substantial benefits from the discovery of a major deposit, there can be no assurance that such a resource will be large enough to justify commercial operations, nor can there be any assurance that we will be able to raise the funds required for development on a timely basis. If we cannot raise the necessary capital or complete the necessary facilities and infrastructure, our business may fail.

MINERAL EXPLORATION AND DEVELOPMENT IS SUBJECT TO EXTRAORDINARY OPERATING RISKS. WE DO NOT CURRENTLY INSURE AGAINST THESE RISKS. IN THE EVENT OF A CAVE-IN OR SIMILAR OCCURRENCE, OUR LIABILITY MAY EXCEED OUR RESOURCES, WHICH WOULD HAVE AN ADVERSE IMPACT ON OUR COMPANY.

Mineral exploration, development and production involves many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Our operations will be subject to all the hazards and risks inherent in the exploration for mineral resources and, if we discover a mineral resource in commercially exploitable quantity, our operations could be subject to all of the hazards and risks inherent in the development and production of resources, including liability for pollution, cave-ins or similar hazards against which we cannot insure or against which we may elect not to insure. Any such event could result in work stoppages and damage to property, including damage to the environment. We do not currently maintain any insurance coverage against these operating hazards. The payment of any liabilities that arise from any such occurrence would have a material adverse impact on our company.

MINERAL PRICES ARE SUBJECT TO DRAMATIC AND UNPREDICTABLE FLUCTUATIONS.

We expect to derive revenues, if any, either from the sale of our mineral resource properties or from the extraction and sale of lithium ore. The price of those commodities has fluctuated widely in recent years, and is affected by numerous factors beyond our control, including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of base and precious metals, and therefore the economic viability of any of our exploration properties and projects, cannot accurately be predicted.



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THE MINING INDUSTRY IS HIGHLY COMPETITIVE AND THERE IS NO ASSURANCE THAT WE WILL CONTINUE TO BE SUCCESSFUL IN ACQUIRING MINERAL CLAIMS. IF WE CANNOT CONTINUE TO ACQUIRE PROPERTIES TO EXPLORE FOR MINERAL RESOURCES, WE MAY BE REQUIRED TO REDUCE OR CEASE OPERATIONS.

The mineral exploration, development, and production industry is largely un-integrated. We compete with other exploration companies looking for mineral resource properties. While we compete with other exploration companies in the effort to locate and acquire mineral resource properties, we will not compete with them for the removal or sales of mineral products from our properties if we should eventually discover the presence of them in quantities sufficient to make production economically feasible. Readily available markets exist worldwide for the sale of mineral products. Therefore, we will likely be able to sell any mineral products that we identify and produce.

In identifying and acquiring mineral resource properties, we compete with many companies possessing greater financial resources and technical facilities. This competition could adversely affect our ability to acquire suitable prospects for exploration in the future. Accordingly, there can be no assurance that we will acquire any interest in additional mineral resource properties that might yield reserves or result in commercial mining operations.

### RISKS RELATED TO OUR COMPANY

THE FACT THAT WE HAVE NOT EARNED ANY OPERATING REVENUES SINCE OUR INCORPORATION RAISES SUBSTANTIAL DOUBT ABOUT OUR ABILITY TO CONTINUE TO EXPLORE OUR MINERAL PROPERTIES AS A GOING CONCERN.

We have not generated any revenue from operations since our incorporation and we anticipate that we will continue to incur operating expenses without revenues unless and until we are able to identify a mineral resource in a commercially exploitable quantity on one or more of our mineral properties and we build and

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operate a mine. We had cash in the amount of \$1,398,758 as of December 31, 2010. At December 31, 2010, we had working capital of \$1,414,421. We incurred a net loss of \$852,656 for the year ended December 31, 2010 and \$1,093,386 since inception. We estimate our average monthly operating expenses to be approximately \$20,000 to \$40,000, including property costs, management services and administrative costs. Should the results of our planned exploration require us to increase our current operating budget, we may have to raise additional funds to meet our currently budgeted operating requirements for the next 12 months. As we cannot assure a lender that we will be able to successfully explore and develop our mineral properties, we will probably find it difficult to raise debt financing from traditional lending sources. We have traditionally raised our operating capital from sales of equity securities, but there can be no assurance that we will continue to be able to do so. If we cannot raise the money that we need to continue exploration of our mineral properties, we may be forced to delay, scale back, or eliminate our exploration activities. If any of these were to occur, there is a substantial risk that our business would fail.

Management has plans to seek additional capital through a private placement of its capital stock. These conditions raise substantial doubt about our company's ability to continue as a going concern. Although there are no assurances that management's plans will be realized, management believes that our company will be able to continue operations in the future. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event our company cannot continue in existence." We continue to experience net operating losses.

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### RISKS ASSOCIATED WITH OUR COMMON STOCK

TRADING ON THE OTC BULLETIN BOARD MAY BE VOLATILE AND SPORADIC, WHICH COULD DEPRESS THE MARKET PRICE OF OUR COMMON STOCK AND MAKE IT DIFFICULT FOR OUR STOCKHOLDERS TO RESELL THEIR SHARES.

Our common stock is quoted on the OTC Bulletin Board service of the Financial Industry Regulatory Authority. Trading in stock quoted on the OTC Bulletin Board is often thin and characterized by wide fluctuations in trading prices, due to many factors that may have little to do with our operations or business prospects. This volatility could depress the market price of our common stock for reasons unrelated to operating performance. Moreover, the OTC Bulletin Board is not a stock exchange, and trading of securities on the OTC Bulletin Board is often more sporadic than the trading of securities listed on a quotation system like NASDAQ or a stock exchange like Amex. Accordingly, shareholders may have difficulty reselling any of their shares.

OUR STOCK IS A PENNY STOCK. TRADING OF OUR STOCK MAY BE RESTRICTED BY THE SEC'S PENNY STOCK REGULATIONS AND FINRA'S SALES PRACTICE REQUIREMENTS, WHICH MAY LIMIT A STOCKHOLDER'S ABILITY TO BUY AND SELL OUR STOCK.

Our stock is a penny stock. The Securities and Exchange Commission has adopted Rule 15c-9 which generally defines "penny stock" to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in, and limit the marketability of, our common stock.

In addition to the "penny stock" rules promulgated by the Securities and Exchange Commission, the Financial Industry Regulatory Authority has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced

securities to their non-institutional customers, broker-dealers must make

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reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the Financial Industry Regulatory Authority believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. The Financial Industry Regulatory Authority's requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock.

### OTHER RISKS

### TRENDS, RISKS AND UNCERTAINTIES

We have sought to identify what we believe to be the most significant risks to our business, but we cannot predict whether, or to what extent, any of such risks may be realized nor can we guarantee that we have identified all possible risks that might arise. Investors should carefully consider all of such risk factors before making an investment decision with respect to our common stock.

### ITEM 1B. UNRESOLVED STAFF COMMENTS

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

### ITEM 2. PROPERTIES

Our corporate head office is located at 200 S Virginia St - 8th Floor, Reno, Nevada, 89501, our monthly rent is \$200.

### MINERAL PROPERTIES

As of the date of this annual report on Form 10-K, we hold the following properties: Fish Lake Valley, Salt Wells and Cortez. For detail description of these properties, please see the section entitled "Business" above.

### ITEM 3. LEGAL PROCEEDINGS

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

### ITEM 4. (REMOVED AND RESERVED)

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common shares are quoted on the Over-the-Counter Bulletin Board under the symbol "LTUM." The following quotations, obtained from Stockwatch, reflect the high and low bids for our common shares based on inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

The high and low bid prices of our common stock for the periods indicated below are as follows:

National Association of Securities Dealers OTC Bulletin Board(1)

| Quarter Ended | High | Low |
|---------------|------|-----|
|---------------|------|-----|

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| -----              | ----   | ---    |
|--------------------|--------|--------|
| December 31, 2010  | \$0.38 | \$0.30 |
| September 30, 2010 | \$0.51 | \$0.30 |
| June 30, 2010      | \$1.04 | \$0.35 |

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National Association of Securities Dealers OTC Bulletin Board(1)

| Quarter Ended      | High    | Low     |
|--------------------|---------|---------|
| March 31, 2010     | \$1.41  | \$0.90  |
| December 31, 2009  | \$1.40  | \$0.60  |
| September 30, 2009 | \$0.113 | \$0.11  |
| June 30, 2009      | N/A (2) | N/A (2) |
| March 31, 2009     | N/A (2) | N/A (2) |
| December 31, 2008  | N/A (2) | N/A (2) |

- 
- (1) Over-the-counter market quotations reflect inter-dealer prices without retail mark-up, mark-down or commission, and may not represent actual transactions.
- (2) Our common stock was quoted on the Over-the-Counter Bulletin Boards on July 2, 2008. The first trade did not occur until September 16, 2009.

Our shares are issued in registered form. Nevada Agency and Transfer Company, 50 West Liberty Street, Suite 880, Reno, Nevada 89501 (Telephone: (775) 322-0626; Facsimile: (775) 322-5623) is the registrar and transfer agent for our common shares.

On April 8, 2011, the shareholders' list showed 15 registered shareholders with 62,917,288 common shares outstanding.

#### DIVIDEND POLICY

We have not paid any cash dividends on our common stock and have no present intention of paying any dividends on the shares of our common stock. Our current policy is to retain earnings, if any, for use in our operations and in the development of our business. Our future dividend policy will be determined from time to time by our board of directors.

#### EQUITY COMPENSATION PLAN INFORMATION

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

The following table summarizes certain information regarding our equity compensation plans as at December 31, 2010:

#### Equity Compensation Plan Information

| Plan Category | Number of Securities<br>Number of Securities to be<br>Issued Upon Exercise of<br>Outstanding Options,<br>Warrants and Rights | Weighted-Average Exercise<br>Price of Outstanding Options,<br>Warrants and Rights | Rema<br>Fut<br>Equit<br>(ex |
|---------------|--|---|-----------------------------|
| -----         | -----  | -----   | -----                       |

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|  |           |         |
|--|-----------|---------|
| Equity Compensation Plans Approved by Security Holders     | --        | --      |
| Equity Compensation Plans Not Approved by Security Holders | 1,300,000 | \$0.255 |
| Total  | 1,300,000 | \$0.255 |

### RECENT SALES OF UNREGISTERED SECURITIES; USE OF PROCEEDS FROM REGISTERED SECURITIES

We did not sell any equity securities which were not registered under the Securities Act during the year ended December 31, 2010 that were not otherwise disclosed on our quarterly reports on Form 10-Q or our current reports on Form 8-K filed during the year ended December 31, 2010.

### PURCHASE OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

We did not purchase any of our shares of common stock or other securities during our fourth quarter of our fiscal year ended December 31, 2010.

### ITEM 6. SELECTED FINANCIAL DATA

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

### ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our consolidated audited financial statements and the related notes that appear elsewhere in this annual 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 annual report, particularly in the section entitled "Risk Factors" beginning on page 7 of this annual report.

Our consolidated audited financial statements are stated in United States Dollars and are prepared in accordance with United States Generally Accepted Accounting Principles.

#### 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.

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.

#### PLAN OF OPERATIONS AND CASH REQUIREMENTS

##### CASH REQUIREMENTS

Our current operational focus is to conduct exploration activities on our

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properties in Nevada, known as the Fish Lake Valley property, the Cortez property, and Salt Wells. We expect to review other potential exploration projects from time to time as they are presented to us.

Our net cash provided by financing activities during the year ended December 31, 2010 was \$1,829,653 as compared to \$680,197 during the year ended December 31, 2009.

Over the next twelve months we expect to expend funds as follows:

### Estimated Net Expenditures During the Next Twelve Months

|                                  |           |
|----------------------------------|-----------|
| General, Administrative Expenses | \$150,000 |
| Exploration Expenses             | 350,000   |
|                                  | -----     |
| TOTAL                            | \$500,000 |
|                                  | =====     |

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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.

### RESULTS OF OPERATIONS - TWELVE MONTHS ENDED DECEMBER 31, 2010 AND 2009

The following summary of our results of operations should be read in conjunction with our financial statements for the year ended December 31, 2010, which are included herein.

Our operating results for the twelve months ended December 31, 2010, for the twelve months ended December 31, 2009 and the changes between those periods for the respective items are summarized as follows:

|         | Twelve Months<br>Ended<br>December 31,<br>2010<br>----- | Twelve Months<br>Ended<br>December 31,<br>2009<br>----- | Change Between Twelve<br>Month Period Ended<br>December 31, 2010<br>and<br>December 30,<br>2009<br>----- |
|---------|---|---|--|
| Revenue | \$ Nil  | \$ Nil  | \$ Nil   |

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|                                |             |             |             |
|--------------------------------|-------------|-------------|-------------|
| Professional fees              | 44,306      | 33,431      | 10,875      |
| Exploration expenses           | 182,721     | 66,264      | 116,457     |
| Consulting fees                | 178,744     | --          | 178,744     |
| Insurance Expense              | 3,303       | --          | 3,303       |
| Amortization                   | 1,000       | 504         | 496         |
| Investor Relations             | 93,712      | 16,875      | 76,837      |
| Interest                       | 3,949       | 6,916       | (2,967)     |
| Management fees                | 41,800      | 12,000      | 29,800      |
| Transfer agent and filing fees | 6,224       | 16,135      | (9,991)     |
| Travel                         | 20,403      | 6,120       | 14,283      |
| Stock option compensation      | 244,045     | --          | 244,045     |
| Website                        | --          | 412         | (412)       |
| Write-down of website          | --          | 12,000      | (12,000)    |
| Write-down of property         | 15,396      | --          | 15,393      |
| General and administrative     | 17,053      | 19,757      | (2,704)     |
| Net loss                       | \$(852,656) | \$(190,414) | \$(662,242) |

Our accumulated losses increased to \$1,093,386 as of December 31, 2010. Our financial statements report a net loss of \$852,656 for the twelve month period ended December 31, 2010 compared to a net loss of \$190,414 for the twelve month period ended December 31, 2009. Our losses have increased primarily as a result

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of increased exploration activities which have resulted in exploration expense increases along with increases to consulting, travel, investor relations and management fees. In addition, the Company issued stock options in the current year, resulting in an expense of \$244,045.

Our total current liabilities as of December 31, 2010 were \$47,237 as compared to total current liabilities of \$275,005 as of December 31, 2009. The decrease was due to the company repaying loans and accounts payable with funds raised through the issuance of stock.

Our operating expenses for the year ended December 31, 2010 were \$852,656 compared to \$190,414 as of December 31, 2009. The increase in operating expenses were primarily a result of increased exploration activities which have resulted in exploration expense increases along with increases to consulting, travel, investor relations and management fees. In addition, the Company issued stock options in the current year, resulting in an operating expense of \$244,045.

### LIQUIDITY AND FINANCIAL CONDITION

#### WORKING CAPITAL

|                     | At<br>December 31,<br>2010 | At<br>December 31,<br>2009 |
|---------------------|----------------------------|----------------------------|
|                     | -----                      | -----                      |
| Current assets      | \$1,461,658                | \$ 387,061                 |
| Current liabilities | 47,237                     | 275,005                    |
|                     | -----                      | -----                      |
| Working capital     | \$1,414,421                | \$ 112,056                 |
|                     | =====                      | =====                      |

#### CASH FLOWS

|  | Year Ended December 31,<br>December 31,<br>2010 | December 31,<br>2009 |
|--|---|----------------------|
|  | -----   | -----                |

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|   |              |              |
|---|--------------|--------------|
| Net cash used in operating activities     | \$ (685,986) | \$ (102,052) |
| Net cash used in investing activities     | (105,420)    | (224,718)    |
| Net cash provided by financing activities | 1,829,653    | 680,197      |
|   | -----        | -----        |
| Net increase in cash during period        | \$1,038,247  | \$ 353,427   |
|   | =====        | =====        |

### OPERATING ACTIVITIES

Net cash used in operating activities was \$685,986 for the year ended December 31, 2010 compared with net cash used in operating activities of \$102,052 in the same period in 2009. The increase was primarily due to our operating loss of \$852,656, partially offset by our non-cash expense related to stock option compensatiin of \$244,045.

### INVESTING ACTIVITIES

Net cash used in investing activities was \$236,670 for the year ended December 31, 2010 compared to net cash used in investing activities of \$224,718 in the same period in 2009. The increase in use of cash of \$11,952 in investing activities is mainly attributable to gaining rights to additional mineral properties.

### FINANCING ACTIVITIES

Net cash provided by financing activities was \$1,829,653 for the year ended December 31, 2010 compared to \$680,197 provided by financing activities in the same period in 2009.

### CONTRACTUAL OBLIGATIONS

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

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### GOING CONCERN

As of December 31, 2010, our company has accumulated losses of \$1,093,386 since inception and has earned no revenues since inception. Our company intends to fund operations through equity financing arrangements, which may be insufficient to fund its capital expenditures, working capital and other cash requirements for the year ending December 31, 2011. The ability of our company to emerge from the development stage is dependent upon, among other things, obtaining additional financing to continue operations, and development of our business plan. In response to these problems, management intends to raise additional funds through public or private placement offerings. These factors, among others, raise substantial doubt about our company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### OFF-BALANCE SHEET ARRANGEMENTS

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

### CRITICAL ACCOUNTING POLICIES

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance



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with the accounting principles generally accepted in the United States of America. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management's application of accounting policies. We believe that understanding the basis and nature of the estimates and assumptions involved with the following aspects of our financial statements is critical to an understanding of our financial statements.

### USE OF ESTIMATES

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

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

### LOSS PER SHARE

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

### CASH AND CASH EQUIVALENTS

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

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

### MINERAL PROPERTIES

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

Impairment losses are recorded on mineral properties used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount.

### RECENTLY ADOPTED PRONOUNCEMENTS

#### VARIABLE INTEREST ENTITIES

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

#### CODIFICATION OF GAAP

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

#### SUBSEQUENT EVENTS

On July 31, 2009, the Company adopted changes issued by the FASB that establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or

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

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### BUSINESS COMBINATIONS

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

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

### NON-CONTROLLING INTERESTS

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

### INTANGIBLE ASSETS

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

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

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

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Company's consolidated financial statements.

### REVENUE RECOGNITION

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

### ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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### ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Lithium Corporation

(An Exploration Stage Company)

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December 31, 2010

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Silberstein Ungar, PLLC CPAs and Business Advisors

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of  
Lithium Corporation  
Reno, Nevada

We have audited the accompanying consolidated balance sheets of Lithium Corporation (the "Company") as of December 31, 2010 and 2009, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended and the period from January 30, 2007 (Inception) to December 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company has determined that it is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lithium Corporation as of December 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended and for the period from January 30, 2007 (inception) through December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has received no revenue from sales of products or services and has incurred losses from operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans with regard to these matters are described in Note 2. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Silberstein Ungar, PLLC

-----  
Bingham Farms, Michigan  
March 31, 2011

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

December 31,

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|   | 2010         |
|---|--------------|
|   | -----        |
| ASSETS  |              |
| Current Assets  |              |
| Cash  | \$ 1,398,758 |
| Prepaid expenses  | 62,900       |
|   | -----        |
| Total Current Assets  | 1,461,658    |
|   | -----        |
| Other Assets  |              |
| Computer equipment, net of amortization                             | 498          |
| Mineral properties  | 527,445      |
|   | -----        |
| Total Other Assets  | 527,943      |
|   | -----        |
| TOTAL ASSETS  | \$ 1,989,601 |
|   | =====        |
| LIABILITIES AND STOCKHOLDERS' EQUITY                                |              |
| LIABILITIES   |              |
| Current Liabilities   |              |
| Accounts payable and accrued liabilities                            | \$ 41,887    |
| Due to directors, net   | 5,350        |
| Loans payable   | --           |
|   | -----        |
| Total Current Liabilities   | 47,237       |
|   | -----        |
| TOTAL LIABILITIES   | 47,237       |
|   | -----        |
| Commitments and contingencies                                       |              |
| STOCKHOLDERS' EQUITY  |              |
| Common stock, 3,000,000,000 shares authorized, par value \$0.001;   |              |
| 62,917,288 common shares issued and outstanding (2009 - 60,550,000) | 62,918       |
| Additional paid in capital  | 1,476,544    |
| Additional paid in capital - options                                | 244,045      |
| Additional paid in capital - warrants                               | 1,252,243    |
| Deficit accumulated during the exploration stage                    | (1,093,386)  |
|   | -----        |
| TOTAL STOCKHOLDERS' EQUITY  | 1,942,364    |
|   | -----        |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY                          | \$ 1,989,601 |
|   | =====        |

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

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|  | Year ended<br>December 31,<br>2010 | Year ended<br>December 31,<br>2009 | From<br>January 30,<br>(Inception)<br>December<br>2010 |
|--|------------------------------------|------------------------------------|--|
|  | -----                              | -----                              | -----  |
| REVENUE  | \$ --                              | \$ --                              | \$ --  |
|  | -----                              | -----                              | -----  |
| EXPENSES                                       |                                    |                                    |  |
| Professional fees                              | 44,306                             | 33,431                             | 110,   |
| Amortization                                   | 1,000                              | 504                                | 1,   |
| Exploration expenses                           | 182,721                            | 66,264                             | 248,   |
| Consulting fees                                | 178,744                            | --                                 | 178,   |
| Insurance expense                              | 3,303                              | --                                 | 3,   |
| Investor relations                             | 93,712                             | 16,875                             | 110,   |
| Interest (income)                              | 3,949                              | 6,916                              | 10,  |
| Management fees                                | 41,800                             | 12,000                             | 53,  |
| Rent   | (239)                              | 1,663                              | 1,   |
| Transfer agent and filing fees                 | 6,224                              | 16,135                             | 22,  |
| Travel   | 20,403                             | 6,120                              | 26,  |
| Stock option compensation                      | 244,045                            | --                                 | 244,   |
| Website development costs                      | --                                 | 412                                | 3,   |
| Write-down of website costs                    | --                                 | 12,000                             | 12,  |
| Write-down of mineral properties               | 15,396                             | --                                 | 15,  |
| General and administrative                     | 17,053                             | 19,757                             | 50,  |
|  | -----                              | -----                              | -----  |
| TOTAL EXPENSES                                 | 852,656                            | 190,414                            | 1,093,   |
|  | -----                              | -----                              | -----  |
| LOSS BEFORE INCOME TAXES                       | (852,656)                          | (190,414)                          | (1,093,  |
|  | -----                              | -----                              | -----  |
| PROVISION FOR INCOME TAXES                     | --                                 | --                                 | --   |
|  | -----                              | -----                              | -----  |
| NET LOSS                                       | \$ (852,656)                       | \$ (190,414)                       | \$ (1,093,   |
|  | =====                              | =====                              | =====  |
| NET LOSS PER SHARE: BASIC AND DILUTED          | \$ (0.01)                          | \$nil                              |  |
|  | =====                              | =====                              |  |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING: |                                    |                                    |  |
| BASIC AND DILUTED                              | 62,267,465                         | 226,670,000                        |  |
|  | =====                              | =====                              |  |

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

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

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



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

(An Exploration Stage Company)  
 Consolidated Statements of Cash Flows  
 For the Years Ended December 31, 2010 and 2009  
 For the Period from January 30, 2007 (Inception) to December 31, 2010

|  | Year ended<br>December 31,<br>2010 | Year ended<br>December 31,<br>2009 |
|--|------------------------------------|------------------------------------|
|  | -----                              | -----                              |
| <b>Cash Flows from Operating Activities:</b>                       |                                    |                                    |
| Net loss for the period  | \$ (852,656)                       | \$ (190,414)                       |
| Adjustment for non-cash items:                                     |                                    |                                    |
| Write-down of software development                                 | --                                 | 12,000                             |
| Write-down of mineral properties                                   | 15,396                             | --                                 |
| Stock option compensation expense                                  | 244,045                            | --                                 |
| Amortization   | 1,000                              | 504                                |
| Changes in assets and liabilities:                                 |                                    |                                    |
| Decrease in prepaid expenses                                       | (36,350)                           | (19,250)                           |
| Increase (decrease) in accounts payable<br>and accrued liabilities | (57,421)                           | 95,108                             |
|  | -----                              | -----                              |
| Cash used in operating activities                                  | (685,986)                          | (102,052)                          |
|  | -----                              | -----                              |
| <b>Cash Flows from Investing Activities:</b>                       |                                    |                                    |
| Purchase of equipment  | --                                 | (2,002)                            |
| Purchase of software development                                   | --                                 | --                                 |
| Interest in mineral properties                                     | (105,420)                          | (222,716)                          |
|  | -----                              | -----                              |
| Cash used in investing activities                                  | (105,420)                          | (224,718)                          |
|  | -----                              | -----                              |
| <b>Cash Flows from Financing Activities:</b>                       |                                    |                                    |
| Proceeds from (repayment) of loan payable                          | (169,463)                          | 169,463                            |
| Proceeds from (repayment to) director                              | (884)                              | 734                                |
| Proceeds from sale of stock  | 2,000,000                          | 510,000                            |
|  | -----                              | -----                              |
| Cash provided by financing activities                              | 1,829,653                          | 680,197                            |
|  | -----                              | -----                              |
| Increase in cash   | 1,038,247                          | 353,427                            |
| Cash, beginning of period  | 360,511                            | 7,084                              |
|  | -----                              | -----                              |
| Cash, end of period  | \$ 1,398,758                       | \$ 360,511                         |
|  | =====                              | =====                              |
| <b>Supplemental Cash Flow Information:</b>                         |                                    |                                    |
| Cash paid for interest   | \$ --                              | \$ --                              |
|  | =====                              | =====                              |
| Cash paid for income taxes   | \$ --                              | \$ --                              |
|  | =====                              | =====                              |
| <b>Supplemental Non-Cash Investing and Financing Information:</b>  |                                    |                                    |
| Common stock issued for mineral properties                         | \$ 175,000                         | \$ --                              |
|  | =====                              | =====                              |

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

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Lithium Corporation  
(An Exploration Stage Company)  
Notes to Consolidated Financial Statements  
December 31, 2010

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

### USE OF ESTIMATES

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

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

### PRINCIPLES OF CONSOLIDATION

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

### LOSS PER SHARE

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

### CASH AND CASH EQUIVALENTS

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

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### 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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Lithium Corporation  
(An Exploration Stage Company)  
Notes to Consolidated Financial Statements  
December 31, 2010

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

#### FINANCIAL INSTRUMENTS

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

#### MINERAL PROPERTIES

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

#### VARIABLE INTEREST ENTITIES

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

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### CODIFICATION OF GAAP

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

### SUBSEQUENT EVENTS

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

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Lithium Corporation  
(An Exploration Stage Company)  
Notes to Consolidated Financial Statements  
December 31, 2010

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

#### BUSINESS COMBINATIONS

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

The Company also adopted the changes issued by the FASB which requires assets and liabilities assumed in a business combination that arise from contingencies be recognized on the acquisition date at fair value if it is more likely than not that they meet the definition of an asset or liability; and requires that contingent consideration arrangements of the target assumed by the acquirer be initially measured at fair value. The guidance is effective for the Company's acquisitions occurring on or after February 1, 2009. The Company applied these new provisions to two acquisitions that occurred during the year, Rock Coast Media, Inc. and Pixel Bridge, Inc. These acquisitions are more fully disclosed in Note 5 in our Consolidated Financial Statements.

#### NON-CONTROLLING INTERESTS

In December 2007, the FASB issued changes to establish accounting and reporting standards for all entities that prepare consolidated financial statements that

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

### INTANGIBLE ASSETS

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

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

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

#### REVENUE RECOGNITION

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

### NOTE 2 - GOING CONCERN

Lithium's financial statements are prepared using generally accepted accounting principles applicable to a going concern, which contemplates that the Company

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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 \$1,093,386 as of December 31, 2010. 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 - ACQUISITION OF NEVADA LITHIUM CORP.

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

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

|                        |            |
|------------------------|------------|
| Assets Purchased:      |            |
| Cash                   | \$ 506,213 |
| Prepaid expenses       | 25,000     |
| Equipment              | 1,514      |
| Mineral Properties     | 197,775    |
| Liabilities Assumed:   |            |
| Accounts payable       | (750)      |
| Due to related parties | (6,628)    |
| Loans payable          | (169,463)  |
|                        | -----      |
| Consideration Paid     | \$ 553,661 |
|                        | =====      |

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

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Lithium Corporation  
 (An Exploration Stage Company)  
 Notes to Consolidated Financial Statements  
 December 31, 2010

### NOTE 4 - PREPAID EXPENSES

Prepaid expenses consisted of the following as of December 31:

|                        | 2010      | 2009      |
|------------------------|-----------|-----------|
|                        | -----     | -----     |
| Professional fees      | \$ 10,275 | \$ 4,419  |
| Exploration costs      | 47,327    | 20,000    |
| Rent                   | 298       | 2,131     |
| Consulting             | 5,000     | 0         |
|                        | -----     | -----     |
| Total prepaid expenses | \$ 62,900 | \$ 26,550 |
|                        | =====     | =====     |

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### NOTE 4 - COMPUTER EQUIPMENT

|                    | Cost<br>-----    | Accumulated<br>Amortization<br>----- | Net Book<br>Value<br>----- |
|--------------------|------------------|--------------------------------------|----------------------------|
| Computer Equipment | \$2,002<br>===== | \$1,504<br>=====                     | \$ 498<br>=====            |

### NOTE 5 - MINERAL PROPERTIES

#### Fish Lake Property

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

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

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

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Lithium Corporation  
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Notes to Consolidated Financial Statements  
December 31, 2010

### NOTE 5 - MINERAL PROPERTIES (CONTINUED)

#### Staked Properties

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

| Name<br>----- | Claims (Area in Acres)<br>----- | Amount<br>----- |
|---------------|---------------------------------|-----------------|
| Salt Wells    | 156 (12,480)                    | \$73,318        |
| Cortez        | 62 (4,960)                      | \$32,029        |
| Other         |                                 | \$ 6,800        |

### 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.

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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.

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

There were 62,917,288 shares of common stock issued and outstanding as of December 31, 2010.

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Lithium Corporation  
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Notes to Consolidated Financial Statements  
December 31, 2010

NOTE 6 - CAPITAL STOCK (CONTINUED)

WARRANTS

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

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.

STOCK BASED COMPENSATION

The Company granted 500,000 options at an exercise price of \$0.28 to consultants in exchange for various professional services. The Company granted another 800,000 options to consultants for management services at exercise price of \$0.24. These options were vested on the date of grant. The Company uses the Black-Scholes option valuation model to value stock options granted. The Black-Scholes model was developed for use in estimating the fair value of traded



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

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

The following table summarizes the stock options outstanding at December 31, 2010:

| Issue Date         | Number  | Price  | Expiry Date        | Outstanding at<br>December 31, 2010 |
|--------------------|---------|--------|--------------------|-------------------------------------|
| -----              | -----   | -----  | -----              | -----                               |
| September 23, 2011 | 500,000 | \$0.28 | September 23, 2011 | 500,000                             |
| September 23, 2011 | 800,000 | \$0.24 | September 23, 2011 | 800,000                             |

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Lithium Corporation  
(An Exploration Stage Company)  
Notes to Consolidated Financial Statements  
December 31, 2010

### NOTE 7 - INCOME TAXES

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

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

|                                      | 2010       | 2009      |
|--------------------------------------|------------|-----------|
|                                      | -----      | -----     |
| Deferred tax asset attributable to:  |            |           |
| Net operating losses carried forward | \$ 240,545 | \$ 52,960 |
| Valuation allowance                  | (240,545)  | (52,960)  |
|                                      | -----      | -----     |
| Total net deferred tax asset         | \$ --      | \$ --     |
|                                      | =====      | =====     |

Lithium follows Statement of Financial Accounting Standards Number 109 (SFAS 109) (ASC 740-10), "Accounting for Income Taxes." SFAS No. 109 (ASC 740-10)

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requires a valuation allowance, if any, to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Management has determined that a valuation allowance of \$240,545 at December 31, 2010 is necessary to reduce the deferred tax assets to the amount that will more likely not be realized.

At December 31, 2010, the Company had net operating loss carry-forwards amounting to approximately \$1,093,386 that expire in various amounts through 2030 in the U.S.

### NOTE 8 - SUBSEQUENT EVENTS

The Company has analyzed its operations subsequent to December 31, 2010 and through March 31, 2011, 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 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no disagreements related to accounting principles or practices, financial statement disclosure, internal controls or auditing scope or procedure during the two fiscal years and interim periods, including the interim period up through the date the relationship ended.

### ITEM 9A. 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 December 31, 2010, the end of our fiscal year 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 annual report.

#### MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control include providing management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States. Our management assessed the effectiveness of our internal control over

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financial reporting as of December 31, 2010. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in INTERNAL CONTROL-INTEGRATED FRAMEWORK. Our management has concluded that, as of December 31, 2010, our internal control over financial reporting is effective. Our management reviewed the results of their assessment with our board of directors.

This annual report does not include an attestation report of our company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit our company to provide only management's report in this annual report.

### INHERENT LIMITATIONS ON EFFECTIVENESS OF CONTROLS

Internal control over financial reporting has inherent limitations which include but is not limited to the use of independent professionals for advice and guidance, interpretation of existing and/or changing rules and principles, segregation of management duties, scale of organization, and personnel factors. Internal control over financial reporting is a process which involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis, however these inherent limitations are known features of the financial reporting process and it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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### CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in our internal controls over financial reporting that occurred during the year ended December 31, 2010 that have materially or are reasonably likely to materially affect, our internal controls over financial reporting.

### ITEM 9B. OTHER INFORMATION

None.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

All directors of our company hold office until the next annual meeting of the security holders or until their successors have been elected and qualified. The officers of our company are appointed by our board of directors and hold office until their death, resignation or removal from office. Our directors and executive officers, their ages, positions held, and duration as such, are as follows:

| Name | Position Held<br>with the Company | Age | Date First Elected<br>or Appointed |
|------|-----------------------------------|-----|------------------------------------|
| ---  | -----                             | --- | -----                              |

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|                     |   |    |                   |
|---------------------|---|----|-------------------|
| Tom Lewis           | President, Treasurer,<br>Secretary and Director | 56 | August 25, 2009   |
| John Hiner          | Vice President of<br>Exploration and Director   | 63 | October 25, 2009  |
| Henry (Kip) Tonking | Director  | 56 | November 17, 2009 |
| Stephen Goss        | Director  | 60 | February 8, 2010  |
| John Webster        | Director  | 54 | July 19, 2010     |

### BUSINESS EXPERIENCE

The following is a brief account of the education and business experience during at least the past five years of each director, executive officer and key employee of our company, indicating the person's principal occupation during that period, and the name and principal business of the organization in which such occupation and employment were carried out.

#### TOM LEWIS - PRESIDENT, TREASURER, SECRETARY AND DIRECTOR

Mr. Lewis has more than 35 years experience in the Oil and Gas and Mineral exploration industries. He has held various positions including Project Geologist, Project Manager, Senior Project Geologist, and Vice President Exploration. He also was an integral member of the development team that explored, and developed the Cortez Hills deposit in Crescent Valley Nevada.

In 1973 Mr. Lewis started his career in the Oil Fields, and worked in the Geophysical, and Drilling industries until 1981, when he became a Petroleum Landman for Westburne Petroleum & Minerals. While there he was responsible for the acquisition and disposition of interests and maintaining title to petroleum lands in various locales in the United States, and Western Canada. In 1989 he started his own business as a consulting geologist and has worked in numerous locations over the past 20 years, including the United States, Mexico, Canada, Portugal, Chile, Africa, India and Honduras. Some of the positions he held include: working with Teck Cominco in 1996 evaluating and exploring precious metal deposits in Southern Mexico; Project Manager on the Farim Phosphate deposit for Champion Resources in Guinea Bissau, West Africa in 1998; Project Geologist in 2001 and 2002 for Crystal Graphite Corporation, Project Geologist on the Midway Gold project in Tonopah Nevada, followed by two years as Senior Geologist at the Cortez Joint Venture in Crescent Valley, Nevada. By August 2005

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he was named Vice President of Exploration in Portugal for St Elias Mines, working on the Jales project, and developing grass roots projects in Nevada. Following his experience in Portugal and Nevada he consulted to Selkirk Metals and New World Resource Corp. on projects in western Canada and Nevada. Most recently he consulted to Kinross Gold USA evaluating possible acquisitions.

#### JOHN HINER - VICE PRESIDENT OF EXPLORATION AND DIRECTOR

Mr. Hiner is a Geologist who has over 30 years of experience in the Mineral exploration, and Oil and Gas industries, and has considerable experience in this capacity, and also has been an officer or director of several public companies.

#### HENRY (KIP) TONKING - DIRECTOR

Mr. Tonking is a graduate of the Mackay School of Mines at the University of Nevada in Reno, Nevada, graduating with a B.Sc. in Geology in 1979. Currently based in Reno, Kip has provided exploration and management services to a number

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of major and junior mining firms throughout the western United States, with his principal focus being the State of Nevada. He has over 30 years of experience in minerals exploration and real estate development. Mr. Tonking is currently the owner and President of T & T Exploration, a mineral exploration consulting firm, Vice President of Golden Crescent Corporation, and Manager of All American Resources, all of which are Nevada based companies.

STEPHEN GOSS - DIRECTOR

Mr. Goss has over twenty years experience as a mineral landman, and has worked for The Bunker Hill Company, U.S. Borax and Chemical Corporation and Kennecott Exploration Company. He has been involved with several start-up mineral exploration companies, most notably Timberline Resources Corporation, where he was a co-founder and acted as its CEO from January 2004 to May 2006. Mr. Goss received a M.S. degree in Geography from the University of Idaho and is licensed as a Certified General real estate appraiser in the State of Washington.

JOHN WEBSTER - DIRECTOR

Mr. Webster has been a CPA since 1987. He graduated Summa Cum Laude from Gonzaga University in Spokane, Washington, with a BA in Economics and Accounting. John has extensive experience in S.E.C. reporting and auditing, governmental audits, tax issues and consulting for closely held business enterprises. John is a life-long resident of Spokane and has served as member of a number of community planning and development boards. He has also served as an officer and director of several local arts organizations. From 1996 to 2006, John was one of the founding senior principals and Vice-President of Williams & Webster, P.S., a Spokane based regional CPA firm specializing in the auditing of small public companies and consulting for emerging public companies. John served as the firm's technical principal and assisted in all merger and acquisitions transactions for both accounting and tax issues.

### EMPLOYMENT AGREEMENTS

We have no formal employment agreements with any of our employees, directors or officers.

### FAMILY RELATIONSHIPS

There are no family relationships between any of our directors, executive officers and proposed directors or executive officers.

### INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

None of our directors, executive officers, promoters or control persons has been involved in any of the following events during the past five years:

1. A petition under the Federal bankruptcy laws or any state insolvency law was filed by or against, or a receiver, fiscal agent or similar officer was appointed by a court for the business or property of such person, or any

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partnership in which he was a general partner at or within two years before the time of such filing, or any corporation or business association of which he was an executive officer at or within two years before the time of such filing;

2. Such person was convicted in a criminal proceeding or is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);

3. Such person was the subject of any order, judgment, or decree, not

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subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from, or otherwise limiting, the following activities:

- i. Acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity
- ii. Engaging in any type of business practice; or
- iii. Engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of Federal or State securities laws or Federal commodities laws;

4. Such person was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any Federal or State authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity described in paragraph (f)(3)(i) of this section, or to be associated with persons engaged in any such activity;

5. Such person was found by a court of competent jurisdiction in a civil action or by the Commission to have violated any Federal or State securities law, and the judgment in such civil action or finding by the Commission has not been subsequently reversed, suspended, or vacated;

6. Such person was found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any Federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated;

7. Such person was the subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of:

- i. Any Federal or State securities or commodities law or regulation; or
- ii. Any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or
- iii. Any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

8. Such person was the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

### COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors and persons who own more than 10% of our common stock to file with the Securities and Exchange Commission initial statements of beneficial ownership, reports of changes in ownership and annual reports

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concerning their ownership of our common stock and other equity securities, on Forms 3, 4 and 5 respectively. Executive officers, directors and greater than

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10% shareholders are required by the SEC regulations to furnish us with copies of all Section 16(a) reports that they file.

Based solely on our review of the copies of such forms received by us, or written representations from certain reporting persons, we believe that during fiscal year ended December 31, 2010, all filing requirements applicable to our officers, directors and greater than 10% percent beneficial owners were complied with.

### CODE OF ETHICS

Effective March 25, 2011, our company's board of directors adopted a Code of Business Conduct and Ethics that applies to, among other persons, our company's principal executive officer and our principal financial and accounting officer, as well as persons performing similar functions. As adopted, our Code of Business Conduct and Ethics sets forth written standards that are designed to deter wrongdoing and to promote:

- (1) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (2) full, fair, accurate, timely, and understandable disclosure in reports and documents that we file with, or submit to, the Securities and Exchange Commission and in other public communications made by us;
- (3) compliance with applicable governmental laws, rules and regulations;
- (4) the prompt internal reporting of violations of the Code of Business Conduct and Ethics to an appropriate person or persons identified in the Code of Business Conduct and Ethics; and
- (5) accountability for adherence to the Code of Business Conduct and Ethics.

Our Code of Business Conduct and Ethics requires, among other things, that all of our company's personnel shall be accorded full access to our president and secretary with respect to any matter which may arise relating to the Code of Business Conduct and Ethics. Further, all of our company's personnel are to be accorded full access to our company's board of directors if any such matter involves an alleged breach of the Code of Business Conduct and Ethics by our president or secretary.

In addition, our Code of Business Conduct and Ethics emphasizes that all employees, and particularly managers and/or supervisors, have a responsibility for maintaining financial integrity within our company, consistent with generally accepted accounting principles, and federal, provincial and state securities laws. Any employee who becomes aware of any incidents involving financial or accounting manipulation or other irregularities, whether by witnessing the incident or being told of it, must report it to his or her immediate supervisor or to our company's president or secretary. If the incident involves an alleged breach of the Code of Business Conduct and Ethics by the president or secretary, the incident must be reported to any member of our board of directors. Any failure to report such inappropriate or irregular conduct of others is to be treated as a severe disciplinary matter. It is against our company policy to retaliate against any individual who reports in good faith the violation or potential violation of our company's Code of Business Conduct and Ethics by another.

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Our Code of Business Conduct and Ethics is filed herewith with the Securities and Exchange Commission as Exhibit 14.1 to this annual report. We will provide a copy of the Code of Business Conduct and Ethics to any person without charge, upon request. Requests can be sent to: Lithium Corporation, 200 S. Virginia Street - 8th Floor, Reno, Nevada 89501.

### BOARD AND COMMITTEE MEETINGS

Our board of directors held no formal meetings during the year ended December 31, 2010. All proceedings of the board of directors were conducted by resolutions consented to in writing by all the directors and filed with the minutes of the proceedings of the directors. Such resolutions consented to in writing by the directors entitled to vote on that resolution at a meeting of the directors are, according to the Nevada General Corporate Law and our Bylaws, as valid and effective as if they had been passed at a meeting of the directors duly called and held.

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### NOMINATION PROCESS

As of December 31, 2010, we did not effect any material changes to the procedures by which our shareholders may recommend nominees to our board of directors. Our board of directors does not have a policy with regards to the consideration of any director candidates recommended by our shareholders. Our board of directors has determined that it is in the best position to evaluate our company's requirements as well as the qualifications of each candidate when the board considers a nominee for a position on our board of directors. If shareholders wish to recommend candidates directly to our board, they may do so by sending communications to the president of our company at the address on the cover of this annual report.

### AUDIT COMMITTEE

Currently our audit committee consists of our entire board of directors. We do not have a standing audit committee as we currently have limited working capital and no revenues. With our recent management change however, we have positioned ourselves with an audit committee financial expert and independent director should we be able to raise sufficient funding to execute our business plan. With success we will form an audit, compensation committee and other applicable committees utilizing our directors expertise.

### AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that John Webster qualifies as an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K.

### ITEM 11. EXECUTIVE COMPENSATION

The particulars of the compensation paid to the following persons:

- (a) our principal executive officer;
- (b) each of our two most highly compensated executive officers who were serving as executive officers at the end of the years ended December 31, 2010 and 2009; and
- (c) up to two additional individuals for whom disclosure would have been provided under (b) but for the fact that the individual was not serving as our executive officer at the end of the years ended December 31, 2010 and 2009,

who we will collectively refer to as the named executive officers of our company, are set out in the following summary compensation table, except that no



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disclosure is provided for any named executive officer, other than our principal executive officers, whose total compensation did not exceed \$100,000 for the respective fiscal year:

### SUMMARY COMPENSATION TABLE

| Name and<br>Principal<br>Position  | Year | Salary (\$) | Bonus (\$) | Stock<br>Awards (\$) | Option<br>Awards (\$) | Non-Equity<br>Incentive<br>Plan<br>Compensation (\$) | Change in<br>Pension<br>Value and<br>Nonqualifi<br>Deferred<br>Compensati<br>Earnings (\$) |
|--|------|-------------|------------|----------------------|-----------------------|--|--|
| Tom Lewis (1)<br>President,<br>Treasurer,<br>Secretary and<br>Director   | 2010 | nil         | nil        | nil                  | \$46,041              | nil  | nil  |
|  | 2009 | nil         | nil        | nil                  | nil                   | nil  | nil  |
| Mazen Hleiss (2)<br>Former President,<br>Chief Executive<br>Officer, Chief<br>Financial Officer,<br>and Director | 2010 | N/A         | N/A        | N/A                  | N/A                   | N/A  | N/A  |
|  | 2009 | nil         | nil        | nil                  | nil                   | nil  | nil  |

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- (1) Mr. Lewis was appointed the president, treasurer, secretary and a director of our company on August 25, 2009.
- (2) Mr. Hleiss resigned as president, treasurer, secretary of our company on August 25, 2009 and as a director on November 17, 2009.

There are no arrangements or plans in which we provide pension, retirement or similar benefits for directors or executive officers. Our directors and executive officers may receive share options at the discretion of our board of directors in the future. We do not have any material bonus or profit sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors or executive officers, except that share options may be granted at the discretion of our board of directors.

#### 2010 GRANTS OF PLAN-BASED AWARDS

The following table provides information about equity and non-equity awards granted to the named executives in 2010:

#### GRANTS OF PLAN-BASED AWARDS

Estimated Future Payouts

Estimated Future Payouts

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| Name   | Grant Date    | Under Non-Equity Incentive Plan Awards |             |             | Under Equity Incentive Plan Awards |             |             | Units |
|--|---------------|--|-------------|-------------|------------------------------------|-------------|-------------|-------|
|  |               | Threshold(\$)                          | Target (\$) | Maximum(\$) | Threshold(\$)                      | Target (\$) | Maximum(\$) |       |
| Tom Lewis<br>President,<br>Treasurer,<br>Secretary<br>and Director | Sept<br>23/10 | nil                                    | nil         | nil         | nil                                | nil         | nil         | nil   |

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

The particulars of unexercised options, stock that has not vested and equity incentive plan awards for our named executive officers are set out in the following table:

| Name      | Option Awards   |   |  | Equity Incentive Plan Awards; Number of Securities Underlying Unexercised Unearned Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) |
|-----------|---|---|--|--|----------------------------|------------------------|---|
|           | Number of Securities Underlying Unexercised Options Exercisable (#) | Number of Securities Underlying Unexercised Options Unexercisable (#) | Number of Securities Underlying Unexercised Unearned Options (#) |  |                            |                        |   |
| Tom Lewis | 250,000   | nil   | nil  | nil  | \$0.28                     | September 23, 2015     | nil   |

OPTION EXERCISES AND STOCK VESTED

During our Fiscal year ended December 31, 2010 there were no options exercised by our named officers.

COMPENSATION OF DIRECTORS

We do not have any agreements for compensating our directors for their services in their capacity as directors, although such directors are expected in the future to receive stock options to purchase shares of our common stock as awarded by our board of directors.

The following table sets forth a summary of the compensation paid to our non-employee directors in 2010:

DIRECTOR COMPENSATION

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| Name          | Fees Earned Paid in Cash (\$) | Stock Awards (\$) | Option Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) | All Other Compensation |
|---------------|-------------------------------|-------------------|--------------------|---|--|------------------------|
| Henry Tonking | Nil                           | Nil               | \$47,488           | Nil   | Nil  | Nil                    |
| John Webster  | Nil                           | Nil               | \$ 9,497           | Nil   | Nil  | Nil                    |
| John Hiner    | Nil                           | Nil               | \$47,488           | Nil   | Nil  | Nil                    |
| Stephen Goss  | Nil                           | Nil               | \$28,491           | Nil   | Nil  | Nil                    |

OPTION EXERCISES AND STOCK VESTED

During our Fiscal year ended December 31, 2010 there were no options exercised by our named officers.

PENSION, RETIREMENT OR SIMILAR BENEFIT PLANS

There are no arrangements or plans in which we provide pension, retirement or similar benefits for directors or executive officers. We have no material bonus or profit sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors or executive officers, except that stock options may be granted at the discretion of the board of directors or a committee thereof.

INDEBTEDNESS OF DIRECTORS, SENIOR OFFICERS, EXECUTIVE OFFICERS AND OTHER MANAGEMENT

None of our directors or executive officers or any associate or affiliate of our company during the last two fiscal years, is or has been indebted to our company by way of guarantee, support agreement, letter of credit or other similar agreement or understanding currently outstanding.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth, as of March 31, 2011, certain information with respect to the beneficial ownership of our common shares by each shareholder known by us to be the beneficial owner of more than 5% of our common shares, as well as by each of our current directors and executive officers as a group. Each person has sole voting and investment power with respect to the shares of common stock, except as otherwise indicated. Beneficial ownership consists of a direct interest in the shares of common stock, except as otherwise indicated.

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| Name and Address of Beneficial Owner           | Amount and Nature of Beneficial Ownership | Percentage of Class(1) |
|--|---|------------------------|
| Tom Lewis<br>PO Box 2053<br>Richland, WA 99352 | 10,000,000 Common Shares                  | 15.89%                 |

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|   |                          |        |
|---|--------------------------|--------|
| John Hiner<br>9443 Axlund Road<br>Lynden, WA 98264        | 10,000,000 Common Shares | 15.89% |
|   |                          |        |
| Henry Tonking<br>PO Box 6945<br>Incline Village, NV 89450 | Nil                      | 0%     |
|   |                          |        |
| Stephen Goss<br>36 W. 16th Ave<br>Spokane, WA 99203       | Nil                      | 0%     |
|   |                          |        |
| John Webster<br>224 W. 16th Avenue,<br>Spokane, WA 99203] | Nil                      | 0%     |
|   |                          |        |
| Directors and Executive<br>Officers as a Group(1)         | 20,000,000 Common Shares | 31.78% |

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(1) Under Rule 13d-3, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares; and (ii) investment power, which includes the power to dispose or direct the disposition of shares. Certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares outstanding is deemed to include the amount of shares beneficially owned by such person (and only such person) by reason of these acquisition rights. As a result, the percentage of outstanding shares of any person as shown in this table does not necessarily reflect the person's actual ownership or voting power with respect to the number of shares of common stock actually outstanding on March 25, 2011. As of April 8, 2011 there were 63,311,408 shares of our company's common stock issued and outstanding

### CHANGES IN CONTROL

We are unaware of any contract or other arrangement the operation of which may at a subsequent date result in a change in control of our company.

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Except as disclosed herein, no director, executive officer, shareholder holding at least 5% of shares of our common stock, or any family member thereof, had any material interest, direct or indirect, in any transaction, or proposed transaction since the year ended December 31, 2010, in which the amount involved in the transaction exceeded or exceeds the lesser of \$120,000 or one percent of the average of our total assets at the year end for the last three completed fiscal years.

### DIRECTOR INDEPENDENCE

We currently act with five (5) directors, consisting of Tom Lewis, John Hiner, Henry Tonking, Stephen Goss and John Webster.

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We have determined that Henry Tonking, Stephen Goss and John Webster are independent directors, as that term is used in Rule 4200(a)(15) of the Rules of National Association of Securities Dealers.

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Currently our audit committee consists of our entire board of directors. We currently do not have nominating, compensation committees or committees performing similar functions. There has not been any defined policy or procedure requirements for shareholders to submit recommendations or nomination for directors.

Our board of directors has determined that John Webster qualifies as an "audit committee financial expert" as defined in as defined in Item 407(d)(5)(ii) of Regulation S-K.

From inception to present date, we believe that the members of our audit committee and the board of directors have been and are collectively capable of analyzing and evaluating our financial statements and understanding internal controls and procedures for financial reporting.

### ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The aggregate fees billed for the most recently completed fiscal year ended December 31, 2010 and for fiscal year ended December 31, 2009 for professional services rendered by the principal accountant for the audit of our annual financial statements and review of the financial statements included in our quarterly reports on Form 10-Q and services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for these fiscal periods were as follows:

|                    | Year Ended        |                   |
|--------------------|-------------------|-------------------|
|                    | December 31, 2010 | December 31, 2009 |
|                    | -----             | -----             |
| Audit Fees         | \$ 8,000          | \$ 8,000          |
| Audit Related Fees | \$ 5,250          | \$ Nil            |
| Tax Fees           | \$ 1,800          | \$ Nil            |
| All Other Fees     | \$ Nil            | \$ 4,250          |
| Total              | \$15,050          | \$12,250          |

Our board of directors pre-approves all services provided by our independent auditors. All of the above services and fees were reviewed and approved by the board of directors either before or after the respective services were rendered.

Our board of directors has considered the nature and amount of fees billed by our independent auditors and believes that the provision of services for activities unrelated to the audit is compatible with maintaining our independent auditors' independence.

## PART IV

### ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

#### (a) Financial Statements

- (1) Financial statements for our company are listed in the index under Item 8 of this document
- (2) All financial statement schedules are omitted because they are not applicable, not material or the required information is shown in the financial statements or notes thereto.

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### (b) Exhibits

| Exhibit<br>Number<br>----- | Description<br>-----   |
|----------------------------|--|
| (3)                        | ARTICLES OF INCORPORATION AND BYLAWS   |
| 3.1                        | Articles of Incorporation (incorporated by reference from our Registration Statement on Form SB-2 filed on December 21, 2007).   |
| 3.2                        | By-laws (incorporated by reference from our Registration Statement on Form SB-2 filed on December 21, 2007).   |
|                            | 39   |
| 3.3                        | Articles of Merger (incorporated by reference from our Current Report on Form 8-K filed on October 2, 2009).   |
| 3.4                        | Certificate of Change (incorporated by reference from our Current Report on Form 8-K filed on October 2, 2009).  |
| (4)                        | INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES  |
| 4.1                        | 2009 Stock Option Plan (incorporated by reference from our Current Report on Form 8-K filed on December 30, 2009)  |
| (10)                       | MATERIAL CONTRACTS   |
| 10.1                       | Share exchange agreement dated October 9, 2009, among our company, Nevada Lithium Corporation and the selling shareholders of Nevada Lithium Corporation as set out in the share exchange agreement (incorporated by reference from our Current Report on Form 8-K filed on October 26, 2009). |
| 10.2                       | Lease Purchase Agreement dated June 1, 2009 between Nevada Lithium Corporation as purchaser and Nevada Mining Co., Inc., Robert Craig, Barbara Craig and Elizabeth Dickman as vendors. (incorporated by reference from our Current Report on Form 8-K filed on October 26, 2009).              |
| 10.3                       | Lease Agreement dated March 16, 2009 between Nevada Lithium Corporation as Lessee and Cerro Rico Ventures LLC as Lessor (incorporated by reference from our Current Report on Form 8-K filed on October 26, 2009).   |
| (14)                       | CODE OF ETHICS   |
| 14.1*                      | Code of Ethics and Business Conduct  |
| (21)                       | SUBSIDIARIES OF THE REGISTRANT   |
| 21.1                       | Nevada Lithium Corporation, a Nevada corporation   |
| (31)                       | RULE 13A-14(D)/15D-14(D) CERTIFICATIONS  |
| 31.1*                      | Section 302 Certification of Principal Executive Officer and Principal Financial Officer.  |
| (32)                       | SECTION 1350 CERTIFICATIONS  |

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32.1\* Section 906 Certification of Principal Executive Officer and Principal Financial Officer.

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\* Filed herewith.

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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, thereto duly authorized.

LITHIUM CORPORATION  
(Registrant)

Dated: April 11, 2011 /s/ Tom Lewis  
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Tom Lewis  
President, Treasurer, Secretary and Director  
(Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Dated: April 11, 2011 /s/ Tom Lewis  
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Tom Lewis  
President, Treasurer, Secretary and Director  
(Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)

Dated: April 11, 2011 /s/ John Hiner  
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John Hiner  
Director

Dated: April 11, 2011 /s/ Henry Tonking  
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Henry Tonking  
Director

Dated: April 11, 2011 /s/ Stephen Goss  
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Stephen Goss  
Director

Dated: April 11, 2011 /s/ John Webster  
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John Webster  
Director

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