

Edgar Filing: Lithium Corp - Form 10-Q

Lithium Corp
Form 10-Q
May 15, 2017

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

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2017

Or

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

For the transition period from _____ to _____

Commission File Number 000-54332

LITHIUM CORPORATION

(Exact name of registrant as specified in its charter)

Nevada 98-0530295
(State or other jurisdiction of incorporation or organization) (IRS Employer Identification No.)

1031 Railroad St. Ste. 102B, Elko, Nevada 89801
(Address of principal executive offices) (Zip Code)

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

(Former name, former address and former fiscal year, if changed since last report)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting

Edgar Filing: Lithium Corp - Form 10-Q

company” in Rule 12b-2 of the Exchange Act.

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

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

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS

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

84,715,312 common shares issued and outstanding as of May 15, 2017

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

Item 1.	Financial Statements	3
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	18
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	24
Item 4.	Controls and Procedures	25

PART II - OTHER INFORMATION

Item 1.	Legal Proceedings	25
Item 1A.	Risk Factors	26
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	26
Item 3.	Defaults Upon Senior Securities	26
Item 4.	Mine Safety Disclosures	26
Item 5.	Other Information	26
Item 6.	Exhibits	26
SIGNATURES		28

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Our unaudited interim financial statements for the three month period ended March 31, 2017 form part of this quarterly report. They are stated in United States Dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles.

3

LITHIUM Corporation
Balance Sheets

	March 31, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS		
Cash	\$487,590	\$281,630
Marketable securities	139,835	41,284
Deposits	700	700
Prepaid expenses	63,555	19,348
Total Current Assets	691,680	342,962
OTHER ASSETS		
Mineral properties	231,524	159,859
TOTAL ASSETS	\$923,204	\$502,821
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$20,744	\$15,313
Allowance for optioned properties	616,584	397,601
TOTAL CURRENT LIABILITIES	637,328	412,914
TOTAL LIABILITIES	637,328	412,914
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Common stock, 3,000,000,000 shares authorized, par value \$0.001; 84,715,312 and 81,704,075 common shares outstanding, respectively	84,716	81,705
Common stock payable	70,000	11,334
Additional paid in capital	3,593,580	3,463,903
Additional paid in capital - options	191,513	191,513
Additional paid in capital - warrants	370,768	308,322
Accumulated deficit	(4,024,701)	(3,966,870)
TOTAL STOCKHOLDERS' EQUITY	285,876	89,907
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$923,204	\$502,821

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

4

LITHIUM Corporation
Statements of Operations

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
REVENUE	\$-	\$-
OPERATING EXPENSES		
Professional fees	9,268	12,440
Exploration expenses	390	17,020
Consulting fees	32,809	18,000
Insurance expense	4,225	4,225
Investor relations	5,249	7,283
Stock based compensation	-	22,034
Transfer agent and filing fees	1,361	2,606
Travel	6,152	2,785
General and administrative expenses	2,945	1,514
TOTAL OPERATING EXPENSES	62,399	87,907
LOSS FROM OPERATIONS	(62,399)	(87,907)
OTHER INCOME (EXPENSES)		
Change in fair value of marketable securities	4,568	-
Interest income	-	20
TOTAL OTHER INCOME (EXPENSE)	4,568	20
LOSS BEFORE INCOME TAXES	(57,831)	(87,887)
PROVISION FOR INCOME TAXES	-	-
NET LOSS	\$(57,831)	\$(87,887)
NET LOSS PER SHARE: BASIC AND DILUTED	\$(0.00)	\$(0.00)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING: BASIC AND DILUTED	82,559,520	77,361,408

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

Edgar Filing: Lithium Corp - Form 10-Q

LITHIUM Corporation
Statements of Stockholders' Equity (Deficit)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Additional Paid-in Capital - Warrants	Additional Paid-in Capital - Options	Common Stock Payable	Accumulated Deficit	Total Stockholders' Equity
Balance, December 31, 2015	77,361,408	77,362	3,387,780	303,422	159,301	-	(3,467,465)	460,400
Stock issued for cash	3,376,000	3,377	54,123	-	-	-	-	57,500
Stock issued on stock option exercise	200,000	200	-	-	4,800	-	-	5,000
Stock issued on stock warrant exercise	100,000	100	-	4,900	-	-	-	5,000
Stock issued for services	666,667	666	22,000	-	-	-	-	22,666
Stock based compensation Stock payable for services	-	-	-	-	27,412	-	-	27,412
Net loss	-	-	-	-	-	11,334	-	11,334
							(499,405)	(499,405)
Balance, December 31, 2016	81,704,075	81,705	3,463,903	308,322	191,513	11,334	(3,966,870)	89,907
Stock issued for cash	2,400,000	2,400	117,600	-	-	-	-	120,000
Stock returned to treasury	(1,076,000)	(1,076)	1,076	-	-	-	-	-
Stock issued on stock warrant exercise	1,353,904	1,354	-	62,446	-	-	-	63,800
Stock issued for services	333,333	333	11,001	-	-	(11,334)	-	-
Stock payable on mineral property acquisition	-	-	-	-	-	70,000	-	70,000
Net loss	-	-	-	-	-	-	(57,831)	(57,831)
Balance, March 31, 2017	84,715,312	\$84,716	\$3,593,580	\$370,768	\$191,513	\$70,000	\$(4,024,701)	\$285,876

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

6

LITHIUM Corporation
Statements of Cash Flows

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the period	\$(57,831)	\$(87,887)
Adjustment to reconcile net loss to net cash used in operating activities		
Stock based compensation	-	22,034
Change in fair value of marketable securities	(4,568)	-
Changes in assets and liabilities:		
(Increase) decrease in prepaid expenses	(44,207)	6,472
Increase (decrease) in accounts payable and accrued liabilities	5,431	4,407
Net Cash Used in Operating Activities	(101,175)	(54,974)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash call on long term investment	-	(5,000)
Cash to acquire properties	(1,665)	-
Cash from properties	125,000	-
Net Cash Used in Investing Activities	123,335	(5,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Subscriptions received	-	50,600
Shares issued for warrants/options exercise	63,800	-
Shares issued for cash	120,000	-
Net Cash Used in Financing Activities	183,800	50,600
Increase in cash	205,960	(9,374)
Cash, beginning of period	281,630	191,465
Cash, end of period	\$487,590	\$182,091
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	\$-	\$-
Cash paid for income taxes	\$-	\$-
NON-CASH TRANSACTIONS:		
Marketable securities received as consideration for mineral property option	\$93,983	\$-
Shares issuable for purchase of mineral property	\$70,000	\$-
Shares for services issued from stock payable	\$11,334	\$-
Shares returned to treasury	\$1,076	\$-
Cashless exercise of warrants	\$78	\$-

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

Lithium Corporation
Notes to the Condensed Financial Statements
March 31, 2017 (Unaudited)

Note 1 - Summary of Significant Accounting Policies

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

Nevada Lithium Corporation was incorporated on March 16, 2009 under the laws of Nevada under the name Lithium Corporation. On September 10, 2009, the Company amended its articles of incorporation to change its name to Nevada Lithium Corporation. By agreement dated October 9, 2009 Nevada Lithium Corporation and Lithium Corporation amalgamated as Lithium Corporation. Lithium Corporation is engaged in the acquisition and development of certain lithium interests in the state of Nevada, and flake graphite prospects in British Columbia and is currently in the exploration stage.

Exploration Stage Company

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

Accounting Basis

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

Cash and Cash Equivalents

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

Concentrations of Credit Risk

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

Use of Estimates

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

Revenue Recognition

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

Loss per Share

Edgar Filing: Lithium Corp - Form 10-Q

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.

Lithium Corporation
Notes to the Condensed Financial Statements
March 31, 2017(Unaudited)

Note 1 - Summary of Significant Accounting Policies (Continued)

Income Taxes

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

Financial Instruments

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

Mineral Properties

Costs of exploration, carrying and retaining unproven mineral lease properties are expensed as incurred. Mineral property acquisition costs are capitalized including licenses and lease payments. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects. Impairment losses are recorded on mineral properties used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Impairment of \$0 and \$0 was recorded during the periods ended March 31 2017 and 2016, respectively.

Recent Accounting Pronouncements

In January 2016, the Financial Accounting Standards Board ("FASB"), issued Accounting Standards Update ("ASU") 2016-01, "Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities," which amends the guidance in U.S. generally accepted accounting principles on the classification and measurement of financial instruments. Changes to the current guidance primarily affect the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the ASU clarifies guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The new standard is effective for fiscal years and interim periods beginning after December 15, 2017, and are to be adopted by means of a cumulative-effect adjustment to the balance sheet at the beginning of the first reporting period in which the guidance is effective. Early adoption is not permitted except for the provision to record fair value changes for financial liabilities under the fair value option resulting from instrument-specific credit risk in other comprehensive income. The Company is currently evaluating the impact of adopting this standard.

Note 2 – Going Concern

As reflected in the accompanying financial statements, the Company has used \$101,175 of cash in operations for the three months ended March 31, 2017. This raises substantial doubt about its ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company's ability to raise additional capital and implement its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Management believes that actions presently being taken to obtain additional funding and implement its strategic plans provide the opportunity for the Company to continue as a going concern.

9

Lithium Corporation
Notes to the Condensed Financial Statements
March 31, 2017 (Unaudited)

Note 3 – Fair Value of Financial Instruments

Under FASB ASC 820-10-5, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The standard outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. Under GAAP, certain assets and liabilities must be measured at fair value, and FASB ASC 820-10-50 details the disclosures that are required for items measured at fair value.

The Company has certain financial instruments that must be measured under the new fair value standard. The Company's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels are as follows:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 - Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 - Unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following schedule summarizes the valuation of financial instruments at fair value on a recurring basis in the balance sheets as of March 31, 2017 and December 31, 2016, respectively:

	Fair Value		
	Measurements at March		
	31, 2017		
	Level 1	Level 2	Level 3
Assets			
Cash	\$487,590	\$ -	\$ -
Marketable securities	139,835	-	-
Total Assets	627,425	-	-
Liabilities			
Total Liabilities	-	-	-
	\$627,425	\$ -	\$ -

	Fair Value		
	Measurements at		
	December 31, 2016		
	Level 1	Level 2	Level 3
Assets			
Cash	\$281,630	\$ -	\$ -
Marketable securities	41,284	-	-
Total Assets	322,914	-	-

Liabilities

Total Liabilities	-	-	-
	\$322,914	\$ -	\$ -

10

Lithium Corporation
Notes to the Condensed Financial Statements
March 31, 2017 (Unaudited)

Note 4 – Marketable Securities

The Company owns marketable securities (common stock) as outlined below:

Balance, December 31, 2016	\$41,284
Additions	93,983
Unrealized loss on mark down to fair value	4,568
Balance, March 31, 2017	\$139,835

Note 5 - Prepaid Expenses

Prepaid expenses consisted of the following at March 31, 2017 and December 31, 2016:

	March 31, 2017	December 31, 2016
Bonds	\$1,214	\$2,181
Transfer agent fees	1,594	2,125
Insurance	-	4,226
Office Misc.	350	350
Consulting	52,430	-
Investor relations	7,967	10,466
Total prepaid expenses	\$63,555	\$19,348

Note 6 - Investment

Summa, LLC

Effective April 23, 2014, the Company entered into an operating agreement with All American Resources, L.L.C and TY & Sons Investments Inc. with respect to Summa, LLC, a Nevada limited liability company incorporated on December 12, 2013, wherein we hold a 25% membership. The Company's capital contribution to Summa, LLC was \$130,000, of which \$105,000 was in cash and the balance in services.

The Company participated in the formation of Summa, which holds 88 fee-title patented lode claims, which cover approximately 1,191.3 acres of prospective mineral lands. The Company has recently signed a joint operating agreement with the other participants to govern the conduct of Summa, and the development of the lands. The Company's president, Tom Lewis, has been named as a managing member of Summa.

The investment has been accounted for using the equity method of accounting. As such, the Company shall record its proportionate share of income or loss in the investment. As of March 31, 2017, the Company has recorded a cumulative loss on investment of \$32,703 and recorded a write-down of investment of \$88,997. As at March 31, 2017, the balance for the investment is \$0 (2016: \$0).

Yeehaw and Michael Properties

On March 31, 2017, the Company entered into an agreement whereby the Company has the option to acquire mineral properties in Revelstoke, British Columbia. To acquire the properties, the Company must issue 1,000,000 common shares on March 1, 2017 (payable) and 750,000 common shares on the anniversary of the agreement. The properties are subject to a 1% NSR, which may be purchased by the Company for \$500,000. As at March 31, 2017, the Company has recorded \$71,665 in acquisition costs related to the Yeehaw and Michael properties.

Lithium Corporation
Notes to the Condensed Financial Statements
March 31, 2017 (Unaudited)

Note 7 - Mineral Properties

Fish Lake Property

The Company purchased a 100% interest in the Fish Lake property by making staged payments of \$350,000 worth of common stock. Title to the pertinent claims was transferred to the Company through quit claim deed dated June 1, 2011, and this quit claim was recorded at the county level on August 3, 2011 and at the BLM on August 4, 2011. Quarterly stock disbursements were made on the following schedule:

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

As at December 31, 2016, the Company has recorded \$436,764 in acquisition costs related to the Fish Lake Property and associated impairment of \$276,908 related to abandonment of claims. The carrying value of the Fish Lake Property was \$159,859 as of March 31, 2017 and December 31, 2016.

On March 10, 2016, the Company entered into an agreement with respect to the Fish Lake Property whereby the purchaser may earn an 80% interest in the property for payments of \$300,000, 400,000 shares and work performed on the property over the next three years totaling \$1,100,000 and \$30,000 reimbursement of costs relating to the property. Should these terms be met, the purchaser has the ability to purchase the remaining 20% of the property for \$1,000,000. The Company shall retain a 2.5% NSR on the property should they sell 100% of their interest.

As of March 31, 2017, the Company has received \$230,000 and 300,000 common shares (valued at \$84,085) in relation to the option agreement. The \$314,085 has been recorded as a liability against the property until either the purchaser returns the property to the Company or the purchaser has met all the obligations associated with the agreement, at which time the liability will be charged to the statement of operations.

The market value as at March 31, 2017 of the 300,000 common shares received is \$34,959. As a result, a cumulative fair value impairment charge of \$49,126 has been recorded.

Mt. Heimdal Property

The Company entered into an agreement in April 2013, as amended in August 2013, whereby it earned a 100% interest in the Mt. Heimdal Flake Graphite property in BC, subject to a 1.5% net overriding royalty. The carrying value of the Mt. Heimdal property is \$0 (2016: \$0) as of March 31, 2017.

BC Sugar Property

In June 2013, the company purchased claims in the Cherryville, BC area for 250,000 shares of the Company's common stock. Since this time the company has expanded the claim block considerably, and has expended approximately \$75,000 to date exploring this property for flake graphite deposits. In January, 2014, the company agreed to buy back

the shares issued pursuant to the June agreement for \$2,500. The buy-back was completed in April, 2014 and recorded the purchase of stock in the Company's equity.

12

Lithium Corporation
Notes to the Condensed Financial Statements
March 31, 2017 (Unaudited)

Note 7 - Mineral Properties (Continued)

Staked Properties

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

Name	Claims	Cost	Impairment	Net Carry Value
San Emidio	20 (1,600 acres)	\$11,438	\$(11,438)	\$ 0
Cherryville/BC Sugar	8019.41 (hectares)	\$21,778	\$(21,778)	\$ 0

The Company performs an impairment test on an annual basis to determine whether a write-down is necessary with respect to the properties. The Company believes no circumstances have occurred and no evidence has been uncovered that warrant a write-down of the mineral properties other than those abandoned by management and thus included in write-down of mineral properties.

On May 3, 2016, the Company entered into an agreement with respect to the San Emidio Property whereby the purchaser may earn an 80% interest in the property for payments of \$100,000, 300,000 shares and work performed on the property over the next three years totaling \$600,000. Should these terms be met, the purchaser has the ability to purchase the remaining 20% of the property for \$1,000,000. The Company shall retain a 2.5% NSR on the property should they sell 100% of their interest.

As of December 31, 2016, the Company has received \$100,000 and 100,000 common shares (valued at \$95,494) in relation to the option agreement. The \$195,484 has been recorded as a liability against the property until either the purchaser returns the property to the Company or the purchaser has met all the obligations associated with the agreement, at which time the liability will be charged to the statement of operations.

The market value as at March 31, 2017 of the 100,000 common shares received is \$11,653. As a result, a cumulative fair value impairment charge of \$79,624 has been recorded.

On February 13, 2017, the Company entered into an agreement with respect to the Salt Wells Property whereby the purchaser may earn an 100% interest in the property for payments of \$150,000, 1,500,000 shares and work performed on the property over the next three years totaling \$600,000. The Company shall retain a 2% NSR on the property, of which the purchaser may purchase 1% for \$1,000,000.

As of March 31, 2017, the Company has received \$25,000 and 400,000 common shares (valued at \$99,629) in relation to the option agreement. The \$124,629 has been recorded as a liability against the property until either the purchaser returns the property to the Company or the purchaser has met all the obligations associated with the agreement, at which time the liability will be charged to the statement of operations.

The market value as at March 31, 2017 of the 400,000 common shares received is \$93,223. As a result, a cumulative fair value impairment charge of \$6,406 has been recorded.

As at March 31, 2017, Fish Lake Valley, Yeehaw and Michael represent the only properties on the balance sheet with the remaining properties having been written down to a nominal value.

Fish Lake Valley, the San Emidio properties and the Salt Wells properties have been optioned as discussed above. The optionee has not met all of the obligations related to the option agreement and, as such, title has not transferred from the Company to the optionee as of March 31, 2017. All payments and consideration received to date by the Company has been included as allowance for optioned properties and will be charged to the statement of operations when either all obligations have been met or the optionee has declined to make the requisite option payments, at which time the properties will be returned to the Company.

Lithium Corporation
Notes to the Condensed Financial Statements
March 31, 2017 (Unaudited)

Note 8 - Capital Stock

The Company is authorized to issue 3,000,000,000 shares of its \$0.001 par value common stock. On September 30, 2009, the Company effected a 60-for-1 forward stock split of its \$0.001 par value common stock.

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

Common Stock

On April 12, 2016, the Company issued 700,000 common shares for gross proceeds of \$17,500.

On May 11, 2016 the Company issued 100,000 common shares for gross proceeds of \$2,500 pursuant to the exercise of stock options.

On May 24, 2016, the Company issued 2,400,000 common shares for gross proceeds of \$33,100.

On May 31, 2016, the Company issued 276,000 common shares for gross proceeds of \$6,900.

On June 9, 2016 the Company issued 100,000 common shares for gross proceeds of \$2,500 pursuant to the exercise of stock options.

On August 9, 2016, the Company issued 666,667 common shares in relation to a services agreement dated April 1, 2016. These shares were valued at \$22,666, being the fair market value at the date of issuance.

On August 25, 2016, the Company issued 100,000 common shares for gross proceeds of \$5,000 pursuant to the exercise of warrants.

On February 10, 2017, the Company issued 333,333 common shares in relation to a services agreement dated April 1, 2016. These shares were valued at \$11,334, being the fair market value at the date of contract.

On February 10, 2017, the Company issued 1,353,904 common shares for gross proceeds of \$63,800 pursuant to the exercise of warrants.

On March 16, 2017, 1,076,000 shares were cancelled and returned to treasury.

On March 27, 2017, the Company issued 2,400,000 common shares for gross proceeds of \$120,000.

There were 84,715,312 shares of common stock issued and outstanding as of March 31, 2017.

Warrants

On April 12, 2016, as part of the issuance of common stock, the Company issued 700,000 warrants exercisable at \$0.05 for the first 12 months after closing and \$0.075 for the following 12 months after closing. The fair value of the warrants has been measured at \$10,000. The warrants vested six months after being granted.

On May 24, 2016, as part of the issuance of common stock, the Company issued 2,400,000 warrants exercisable at \$0.05 for the first 12 months after closing and \$0.075 for the following 12 months after closing. The fair value of the

warrants has been measured at \$33,100. The warrants vested six months after being granted.

14

Lithium Corporation
 Notes to the Condensed Financial Statements
 March 31, 2017 (Unaudited)

On May 31, 2016, as part of the issuance of common stock, the Company issued 276,000 warrants exercisable at \$0.05 for the first 12 months after closing and \$0.075 for the following 12 months after closing. The fair value of the warrants has been measured at \$6,900. The warrants vested six months after being granted.

On March 27, 2017, as part of the issuance of common stock, the Company issued 2,400,000 warrants exercisable at \$0.05 for the first 12 months after closing and \$0.075 for the following 12 months after closing.

The table below outlines the change in warrants during the year-ended March 31, 2017:

	Number
Balance, December 31, 2015	2,700,000
Granted	3,376,000
Exercised	(100,000)
Balance, December 31, 2016	5,976,000
Granted	2,400,000
Exercised	(1,436,000)
Cancelled	(1,076,000)
Balance, March 31, 2017	5,864,000

The table below outlines details of warrants outstanding as at March 31, 2017:

Grant Date	Number	Exercise Price	Expiry Date
October 15, 2015	2,000,000	\$ 0.075	October 15, 2017
April 12, 2016	140,000	\$ 0.050	April 12, 2018
May 24, 2016	1,324,000	\$ 0.050	May 24, 2018
March 27, 2017	2,400,000	\$ 0.050	March 27, 2019
Total	5,864,000		

Stock Based Compensation

During the year ended December 31, 2010, the Company granted 500,000 consultants options at an exercise price of \$0.28 and 400,000 options at an exercise price of \$0.24 to consultants in exchange for various professional services. On May 31, 2012, the options granted with exercise prices of \$0.28 and \$0.24 were modified to exercise prices at \$0.07. The modification resulted in stock based compensation of \$11,524. Also on May 31, 2012, the Company granted an additional 400,000 options to consultants for management services with an exercise price of \$0.07. These options were vested on the date of grant and resulted in stock-based compensation of \$23,891. On September 30, 2014, 250,000 options expired unexercised as a result of a director resigning from the Company.

On March 15, 2013, all pre-existing options were modified to exercise prices of \$0.045. The modification resulted in stock-based compensation of \$8,848. Also on March 15, 2013, the Company issued an additional 200,000 options at

an exercise price of \$0.045 to consultants for management services. These options were vested on the date of grant and resulted in stock-based compensation of \$7,794.

Edgar Filing: Lithium Corp - Form 10-Q

Lithium Corporation
Notes to the Condensed Financial Statements
March 31, 2017 (Unaudited)

The Company uses the Black-Scholes option valuation model to value stock options. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates, which are subjective and may not be representative of actual results. Assumptions used to determine the fair value of the remaining stock options are as follows:

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

On November 12, 2014, the Company granted 700,000 options at an exercise price of \$0.045 in exchange for various professional and managerial services. The fair value of these options was \$38,723. The Company uses the Black-Scholes option valuation model to value stock options. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates, which are subjective and may not be representative of actual results. Assumptions used to determine the fair value of the remaining stock options are as follows:

Risk free interest rate	1.65%
Expected dividend yield	0%
Expected stock price volatility	150%
Expected life of options	5 years

On February 10, 2016, the Company granted 850,000 options at an exercise price of \$0.025 in exchange for various professional and managerial services (See Note 10). The fair value of these options was \$27,412. The Company uses the Black-Scholes option valuation model to value stock options. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates, which are subjective and may not be representative of actual results. Assumptions used to determine the fair value of the remaining stock options are as follows:

Risk free interest rate	1.15%
Expected dividend yield	0%
Expected stock price volatility	163%
Expected life of options	4.90 years

The following table summarizes the stock options outstanding at March 31, 2017:

Issue Date	Number	Price	Expiry Date	Outstanding at March 31, 2017
May 31, 2012	100,000	\$0.045	May 31, 2017	100,000
March 15, 2013	200,000	\$0.045	March 15, 2018	200,000
November 12, 2014	700,000	\$0.045	November 12, 2019	700,000
February 10, 2016	650,000	\$0.025	January 8, 2022	650,000

Lithium Corporation
Notes to the Condensed Financial Statements
March 31, 2017 (Unaudited)

Note 9 – Related Party Transactions

During the three months ended March 31, 2017, the Company paid \$6,240 (2016 - \$9,000) to a company controlled by the officer of the Company and paid \$14,000 (2016 - \$9,000) to a director and officer of the Company.

Note 10 – Commitments and Contingencies

The Company is subject to legal proceedings and claims which arise in the ordinary course of its business. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters should not have a material adverse effect on its financial position, results of operations or liquidity.

Specifically, on December 4, 2015 a claim was filed in the United States District Court, District of Nevada by Jablonski Enterprises, Ltd. against several defendants, including our Company, Summa, LLC, the Nye County Assessor, the Mapping Administrator for Nye County, the Nye County District Attorney and the Nye County Deputy District Attorney with respect to the a parcel of land in Nye County, which include the Hughes Claims. The claim alleges that the recorded title to a parcel of land, including the Hughes Claims, was wrongly changed from Jablonski Enterprises, Ltd. to Summa, LLC. Our company believes that this claim is baseless and without merit.

Note 11 - Subsequent Events

On May 5, 2017, the Company cancelled its agreement with respect to the Salt Wells properties and returned \$25,000 (amount received to date) and returned 400,000 common shares.

The Company has analyzed its operations subsequent to March 31, 2017 through the date these financial statements were issued, and has determined that it does not have any material subsequent events to disclose other than those discussed above.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FORWARD LOOKING STATEMENTS

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

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

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

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

As used in this quarterly report, the terms “we”, “us”, “our” and “our company” mean Lithium Corporation, unless otherwise indicated.

General Overview

We were incorporated under the laws of the State of Nevada on January 30, 2007 under the name “Utalk Communications Inc.”. At inception, we were a development stage corporation engaged in the business of developing and marketing a call-back service using a call-back platform. Because we were not successful in implementing our business plan, we considered various alternatives to ensure the viability and solvency of our company.

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

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

Also effective September 30, 2009, we changed our name from “Utalk Communications, Inc.” to “Lithium Corporation”, by way of a merger with our wholly owned subsidiary Lithium Corporation, which was formed solely for the change

of name. The name change and forward stock split became effective with the Over-the-Counter Bulletin Board at the opening for trading on October 1, 2009 under the stock symbol "LTUM". Our CUSIP number is 536804 107.

On October 9, 2009, we entered into a share exchange agreement with Nevada Lithium and the shareholders of Nevada Lithium. The closing of the transactions contemplated in the share exchange agreement and the acquisition of all of the issued and outstanding common stock in the capital of Nevada Lithium occurred on October 19, 2009. In accordance with the closing of the share exchange agreement, we issued 12,350,000 shares of our common stock to the former shareholders of Nevada Lithium in exchange for the acquisition, by our company, of all of the 12,350,000 issued and outstanding shares of Nevada Lithium. Also, pursuant to the terms of the share exchange agreement, a director of our company cancelled 220,000,000 restricted shares of our common stock. Nevada Lithium's corporate status was allowed to lapse and the company's status with the Nevada Secretary of State has been revoked.

On June 6, 2013, we entered into a mining claim sale agreement with Herb Hyder to purchase a 50.829 acre (20.57 hectare) claim known as the Sugar Property, located in the Cherryville area of British Columbia. We issued 250,000 shares to the seller in consideration for the claim. Since that time we have expanded the claim block considerably, and expended approximately \$75,000 exploring the property for flake graphite deposits. In January, 2014, we agreed to buy back the shares issued to the seller for \$2,500.

Effective April 23, 2014, we entered into an operating agreement with All American Resources, L.L.C and TY & Sons Investments Inc. with respect to Summa, LLC, a Nevada limited liability company incorporated on December 12, 2013, wherein we hold a 25% membership. Our company's capital contribution to Summa, LLC was \$125,000, of which \$100,000 was in cash and the balance in services. To date we have contributed an additional \$16,700 to Summa, LLC.

Effective August 15, 2014, we entered into an asset purchase agreement with Pathion, Inc., a Delaware corporation, and Pathion Mining Inc., a Nevada corporation. Pursuant to the Agreement, we agreed to sell to Pathion, Inc. and Pathion Mining, our rights, interests and assets relating to our Fish Lake Valley, San Emidio and BC Sugar properties. The asset purchase agreement was set to close at the end of September 2014, but was extended to October 17, 2014 by mutual agreement, and was further extended until January 19, 2015. After Pathion failed to close the agreement within the agreed upon extended timeframe, we gave notice on January 27, 2015 of the termination of the asset purchase agreement entered into on August 15, 2014.

On February 20, 2015, our company signed a letter of intent with Kingsmere Mining Ltd., which is the preliminary step whereby Kingsmere, or their appointee, may choose to buy or option our company's lithium brine properties in Nevada. The letter allowed for a due diligence and election period until April 1, 2015 with closing by April 15, 2015. The terms of the letter of intent with Kingsmere were subsequently extended to May 31, 2015. Our company and Kingsmere were not able to reach an agreement and a press release notifying the public was issued on June 23, 2015.

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, and Graphite properties in British Columbia.

Our current operational focus is to conduct exploration activities on the tantalum-niobium properties we are optioning, and the BC Sugar property – all in British Columbia, and to verify and validate exploration activities conducted by our partners at Fish Lake Valley, San Emidio, and Salt Wells, and generate additional prospects for our exploration portfolio.

On February 16, 2017 we issued a news release announcing that we had signed a letter of intent with Nevada Sunrise Gold Corp. with respect to our Salt Wells lithium in brine prospect located in Churchill County Nevada.

Under the terms of the agreement NEV (TSX-V - NEV, OTC - NVSGF) may earn a 100% interest in the Property subject to a 2% Net Smelter Royalty (NSR) by making staged payments of cash and shares over the next two years. The terms are;

19

- \$10,000 non-refundable deposit on signing the LOI
- \$15,000 & issue 400,000 common shares of NEV on the later of TSX-V approval or the signing of a formal definitive agreement
- \$50,000 & 500,000 shares - 1st anniversary
- \$75,000 & 600,000 shares - 2nd anniversary

NEV will pay all claim and other property related fees during the earn-in phase of the agreement, and will also retain the right to purchase one half (1%) of the NSR at any time up until the third anniversary of the signing of the formal agreement for \$1,000,000.

We conducted exploration on the Property that culminated in a multiple phase - shallow direct push drilling program in 2011. Results from that program were inconclusive, and with the then looming substantial increase of Federal claim fees, it was decided to put the Property in abeyance and concentrate our efforts elsewhere. The Company is looking forward to assisting Nevada Sunrise Gold Corp. in developing this prospect in any way that we can, and look forward to a continuing association with them.

On March 2, 2017 we issued a news release announcing that we had signed a letter of intent with Bormal Resources Inc. with respect to three Tantalum-Niobium properties (Michael, Yeehaw, and Three Valley Gap) located in British Columbia, Canada.

The Michael property in the Trail Creek Mining Division was originally staked to cover one of the most compelling tantalum (Ta) in stream sediment anomalies as seen in the government RGS database in British Columbia. Bormal conducted a stream sediment sampling program in 2014, and determined that the tantalum-niobium in stream sediment anomaly here is bona fide, and in the order of 6 kilometers in length. In November of 2016 Lithium Corporation conducted a short soil geochemistry orientation program on the property as part of its due diligence, and determined that there are elevated levels of Niobium-Tantalum in soils here.

Also in the general area of the Michael property the Yeehaw property has been staked over a similar but lower amplitude Tantalum/rare earth elements in stream sediment anomaly. Both properties are situated in the Eocene Coryell Batholith, and it is thought that these anomalies may arise from either Carbonatite or Pegmatite type deposits.

The third property – Three Valley Gap, is in the Revelstoke Mining Division and is situated in a locale where several Nb-Ta enriched carbonatites have been noted to occur. A brief field program by Bormal in 2015 located one of these carbonatites, and concurrent soil sampling determined that the soils here are enriched with Nb-Ta over the known carbonatite, and indicated that there are other geochemical anomalies locally that may indicate that more carbonatites exist here and are shallowly buried.

On February 16, 2016, we issued a news release announcing that our company has entered into a letter of intent with 1032701 B.C. Ltd. with respect to our Fish Lake Valley lithium brine property in Esmeralda County, Nevada. On March 10, 2016 we issued a news release announcing the signing of the Fish Lake Valley Earn-In Agreement. The terms of the Earn-In Agreement allow 1032701 to earn an 80% interest in Fish Lake Valley for payments over two years totaling \$300,000 and issuance of 400,000 common shares of the publicly traded company anticipated to result from a Going Public Transaction, and work performed on the property over three years in the amount of \$1,100,000. 1032701 then has a Subsequent Earn-In option to purchase Lithium Corporation's remaining 20% working interest within one year of earning the 80% by paying the Company a further \$1,000,000, at that point the Company would retain a 2.5% Net Smelter Royalty, half of which may be purchased by 1032701 for an additional \$1,000,000. Should the Purchaser elect not to exercise the Subsequent Earn-In, a joint venture will be established. During the Joint Venture, should either party be diluted below a 10% working interest - their interest in the property will revert to a 7.5% Net Smelter Royalty. The first tranche of cash and shares are to be issued within 60 days of the signing of the formal agreement. Menika Mining, a publicly traded company on the TSX Venture

Exchange trading under the symbol MML announced on March 8, 2016 that it intended to acquire 1032701 B.C. Ltd and the right to acquire the Fish Lake Valley Property. Menika Mining completed the acquisition of 1032701 B.C. and changed their name to American Lithium Corp. They fulfilled the initial obligations of the Fish Lake Valley Earn-In-Agreement in April of 2016, and all year 1 anniversary obligations have been met. To date, we have received \$200,000 and 300,000 common shares in relation to the Fish Lake option agreement.

20

In April of 2016 our company established a wholly owned subsidiary called Lithium Royalty Corp. The subsidiary is a Nevada Corporation and is the entity in which we plan to build a portfolio of lithium mineral property royalties. Also in April of 2016 Lithium Royalty Corp. gained 100% control of a lithium property consisting of a block of mineral claims named the North Big Smoky Property.

Effective May 3, 2016, our company entered in to an Exploration Earn-In Agreement with 1067323 B.C. Ltd. with respect to our San Emidio property. The terms of the formal agreement are; payment of \$100,000, issuance of 300,000 common shares of 1067323 B.C. Ltd., or of the publicly traded company anticipated to result from a Going Public Transaction, and work performed on the property by the Optionee in the amount of \$600,000 over the next three years to earn an 80% interest in the property. 1067323 then has a subsequent Earn-In option to purchase Lithium Corporation's remaining 20% working interest within three years of earning the 80% by paying our company a further \$1,000,000, at that point our company would retain a 2.5% Net Smelter Royalty, half of which may be purchased by 1067323 for an additional \$1,000,000. Should the Purchaser elect not to exercise the Subsequent Earn-In, a joint venture will be established. 1067323 B.C. Ltd. merged with American Lithium Corp., and the first tranche of cash and shares were issued in June of 2016.

On May 13, 2016 our wholly owned subsidiary sold 100% of the interest in the North Big Smoky Property through a Property Acquisition Agreement with the private company 1069934 Nevada Ltd. ("Purchaser"). Consideration paid to Lithium Royalty Corp. consisted of \$10,000.00, reimbursement of staking and filing fees, 300,000 shares in the "Purchaser Parent", 1069934 B.C. Ltd., Lithium Royalty Corp. retained a 2.5% Net Smelter Royalty ("Vendor NSR") on the North Big Smoky Property and the Purchaser has the right to purchase up to one-half (50%) of the Vendor NSR for \$1,000,000 to reduce the Vendor NSR to 1.25%.

Results of Operations

Three Months Ended March 31, 2017 Compared to the Three Months Ended March 31, 2016

We had a net loss of \$57,831 for the three month period ended March 31, 2017, which was \$30,056 less than the net loss of \$87,887 for the three month period ended March 31, 2016. The change in our results over the two periods is a result of a decrease in exploration expenses and stock option expense in 2017.

The following table summarizes key items of comparison and their related increase (decrease) for the three month periods ended March 31, 2017 and 2016:

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	Change Between Three Month Periods Ended March 31, 2017 and March 31, 2016
Professional fees	\$9,268	\$12,440	\$(3,172)
Exploration expenses	390	17,020	(16,630)

Edgar Filing: Lithium Corp - Form 10-Q

Consulting fees	32,809	18,000	14,809
Insurance expense	4,225	4,225	-
Investor relations	5,249	7,283	(2,034)
Stock based compensation	-	22,034	(22,034)
Transfer agent and filing fees	1,361	2,606	(1,245)
Travel	6,152	2,785	3,367
General and administrative	2,945	1,514	1,431
Interest/Other (income) expense	(4,568)	(20)	(4,548)
Net loss	\$(57,831)	\$(87,887)	\$(30,056)

Revenue

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

Liquidity and Capital Resources

Our balance sheet as of March 31, 2017 reflects current assets of \$691,680. We had cash in the amount of \$487,590 and working capital in the amount of \$54,352 as of March 31, 2017. We have sufficient working capital to enable us to carry out our stated plan of operation for the next twelve months.

Working Capital

	At March 31, 2017	At December 31, 2016
Current assets	\$691,680	\$342,962
Current liabilities	637,328	412,914
Working capital (deficiency)	\$54,352	\$(69,952)

We anticipate generating losses and, therefore, may be unable to continue operations further in the future.

Cash Flows

	Three Months Ended March 31,	
	2017	2016
Net cash (used in) operating activities	\$(101,175)	\$(54,974)
Net cash (used in) investing activities	123,335	(5,000)
Net cash provided by (used in) financing activities	183,800	50,600
Net increase (decrease) in cash during period	\$205,960	\$(9,374)

Operating Activities

Net cash used in operating activities during the three months ended March 31, 2017 was \$101,175, an increase of \$46,201 from the \$54,974 net cash outflow during the three months ended March 31, 2016.

Investing Activities

The primary driver of cash used in investing activities was continued expenditures related to the acquisition and maintenance of resource properties.

Cash from investing activities during the three months ended March 31, 2017 was \$123,335, which was a \$128,335 increase from the \$5,000 cash used in investing activities during the three months ended March 31, 2016. The increase was a result of cash received from optioned properties.

Financing Activities

Cash from financing activities during the three months ended March 31, 2017 was \$183,800 as compared to \$50,600 in cash provided by financing activities during the three months ended March 31, 2016.

Edgar Filing: Lithium Corp - Form 10-Q

We estimate that our operating expenses and working capital requirements for the next 12 months to be as follows:

Estimated Net Expenditures During The Next Twelve Months

General and administrative expenses	\$ 190,000
Exploration expenses	200,000
Travel	30,000
Total	\$420,000

To date we have relied on proceeds from the sale of our shares and on loans from our sole officer in order to sustain our basic, minimum operating expenses; however, we cannot guarantee that we will secure any further sales of our shares or that our sole officer and director will provide us with any future loans. We estimate that the cost of maintaining basic corporate operations (which includes the cost of satisfying our public reporting obligations) will be approximately \$2,000 per month. Due to our current cash position of approximately as of March 31, 2017, we estimate that we have sufficient cash to sustain our basic operations for the next twelve months.

We are not aware of any known trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in our liquidity increasing or decreasing in any material way.

Future Financings

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

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

Off-Balance Sheet Arrangements

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

Critical Accounting Policies

Exploration Stage Company

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

Accounting Basis

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

Cash and Cash Equivalents

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

Concentrations of Credit Risk

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

Use of Estimates

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

Revenue Recognition

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

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.

Income Taxes

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

Financial Instruments

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

Mineral Properties

Costs of exploration, carrying and retaining unproven mineral lease properties are expensed as incurred. Mineral property acquisition costs are capitalized including licenses and lease payments. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects. Impairment losses are recorded on mineral properties used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Impairment of \$0 and \$0 was recorded during the periods ended September 30, 2016 and 2015, respectively.

Recent Accounting Pronouncements

In January 2016, the Financial Accounting Standards Board ("FASB"), issued Accounting Standards Update ("ASU") 2016-01, "Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities," which amends the guidance in U.S. generally accepted accounting principles on the classification and measurement of financial instruments. Changes to the current guidance primarily affect the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the ASU clarifies guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The new standard is effective for fiscal years and interim periods beginning after December 15, 2017, and are to be adopted by means of a cumulative-effect adjustment to the balance sheet at the beginning of the first reporting period in which the guidance is effective. Early adoption is not permitted except for the provision to record fair value changes for financial liabilities under the fair value option resulting from instrument-specific credit risk in other comprehensive income. The Company is currently evaluating the impact of adopting this standard.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Item 4. Controls and Procedures

Management's Report on Disclosure Controls and Procedures

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

As of the end of the quarter covered by this report, we carried out an evaluation, under the supervision and with the participation of our president (our principal executive officer, principal financial officer and principle accounting officer), of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our president (our principal executive officer, principal financial officer and principle accounting officer) concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

Changes in Internal Control Over Financial Reporting

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

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may become involved in litigation relating to claims arising out of its operations in the normal course of business. We are not involved in any pending legal proceeding or litigation and, to the best of our knowledge, no governmental authority is contemplating any proceeding to which we are a party or to which any of our properties is subject, which would reasonably be likely to have a material adverse effect on us, except for the following:

In December, 2015 two cases were filed against our company; the first was filed in the United States District Court, District of Nevada by Jablonski Enterprises, Ltd. against several defendants, including our company, Summa, LLC, Henry Tonking, GIS Land Services, Greg Ekins, the Nye County Assessor, the Mapping Administrator for Nye County, the Nye County District Attorney and the Nye County Deputy District Attorney with respect to Summa, LLC's efforts to change the record name on the assessor's tax rolls from Jablonski Enterprises to Summa, LLC pursuant to a prior court order issued by the Clark County District Court. The second identical case was filed in the 5th Judicial District Court of Nevada against the same defendants, including our company, and is regarding the same issues.

On May 3, 2016, the case in the 5th Judicial District Court of Nevada was dismissed against the appearing defendants with prejudice, and those defendants, including our company, were awarded legal fees and costs to be paid by the plaintiff.

On February 6, 2017 Chief Judge Gloria M. Navarro of the United States District Court, District of Nevada dismissed with prejudice the case against Lithium Corporation and the other defendants.

On March 8, 2017 in the Fifth Judicial District Court of Nevada, Judge Wanker dismissed the appeal stemming from May 3, 2016, and upheld the defendant's right to costs, and pending submittal of additional costs for council to attend

that hearing will make a written final ruling shortly with respect to costs, and possible Anti-Slapp sanctions. At the same time a trial date was set for May 8th 2018 where the court will hear Summa's petition for "Quiet Title" with respect to its Tonopah properties.

Edgar Filing: Lithium Corp - Form 10-Q

Our company believes that the remaining case in U.S. Federal Court is baseless, without merit and is purely a nuisance lawsuit.

Item 1A. Risk Factors

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

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description
(3)	Articles of Incorporation and Bylaws
3.1	Articles of Incorporation (Incorporated by reference to our Registration Statement on Form SB-2 filed on December 21, 2007)
3.2	Bylaws (Incorporated by reference to our Registration Statement on Form SB-2 filed on December 21, 2007)
3.3	Articles of Merger (Incorporated by reference to our Current Report on Form 8-K filed on October 2, 2009)
3.4	Certificate of Change (Incorporated by reference to our Current Report on Form 8-K filed on October 2, 2009)
(4)	Instruments Defining the Rights of Security Holders, Including Indentures
4.1	2009 Stock Option Plan (Incorporated by reference to our Current Report on Form 8-K filed on December 30, 2009)
(10)	Material Contracts
10.1	Lease Purchase Agreement dated June 1, 2009 between Nevada Lithium Corporation, Nevada Mining Co., Inc., Robert Craig, Barbara Craig and Elizabeth Dickman. (Incorporated by reference to our Current Report on Form 8-K filed on October 26, 2009)

10.3 Mining Option Agreement dated April 15, 2013 between our company and Thomas Lewis (incorporated by reference to our Current Report on Form 8-K filed on April 22, 2013)

26

Edgar Filing: Lithium Corp - Form 10-Q

Exhibit Number	Description
10.4	Mining Claim Sale Agreement dated June 6, 2013 between our company and Herb Hyder (incorporated by reference to our Current Report on Form 8-K filed on June 12, 2013)
10.5	Trust Agreement dated August 30, 2013 between our company and Tom Lewis (incorporated by reference to our Quarterly Report on Form 10-Q filed on November 7, 2013)
10.6	Operating Agreement dated effective April 23, 2014 between our company, All American Resources, L.L.C. and TY & Sons Investments Inc. (incorporated by reference to our Current Report on Form 8-K filed on April 29, 2014)
10.7	Asset Purchase Agreement dated August 15, 2014 between our company and Pathion, Inc. (incorporated by reference to our Quarterly Report on Form 10-Q filed on November 7, 2014)
10.8	Exploration Earn-In Agreement dated effective February 10, 2016 between our company and 1032701 B.C. Ltd. (incorporated by reference to our Current Report on Form 8-K filed on March 15, 2016)
10.9	Exploration Earn-In Agreement dated effective February 10, 2016 between our company, 1067323 Nevada Ltd. and 1067323 B.C. Ltd. (incorporated by reference to our Current Report on Form 8-K filed on May 11, 2016)
(14)	Code of Ethics
14.1	Code of Business Conduct and Ethics (incorporated by reference to our Annual Report on Form 10-K filed on April 15, 2013)
(21)	Subsidiaries of the Registrant
21.1	Nevada Lithium Corporation, a Nevada corporation
21.2	Lithium Royalty Corp, a Nevada corporation
(31)	Rule 13a-14 (d)/15d-14d Certifications
31.1*	Section 302 Certification by the Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer
(32)	Section 1350 Certifications
32.1*	Section 906 Certification by the Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer
101*	Interactive Data File
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

Edgar Filing: Lithium Corp - Form 10-Q

101.LAB XBRL Taxonomy Extension Label Linkbase Document

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

27

SIGNATURES

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

LITHIUM
CORPORATION
(Registrant)

Dated: May 15, 2017 /s/ Tom Lewis
Tom Lewis
President,
Treasurer,
Secretary and
Director
(Principal
Executive Officer,
Principal
Financial Officer
and Principal
Accounting
Officer)