

Edgar Filing: Lithium Corp - Form 10-K

Lithium Corp  
Form 10-K  
April 09, 2012

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, 2011

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

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

Commission file number 000-54332

LITHIUM CORPORATION

(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction  
of incorporation or organization)

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

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

89521  
(Zip Code)

775.410.5287

(Registrant's telephone number, including area code)

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

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

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

Common Stock, \$0.001 par value  
(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

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

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

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

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

The aggregate market value of Common Stock held by non-affiliates of the Registrant on June 30, 2011 was \$10,476,554.85 based on a \$0.23995 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.

63,661,408 as of March 30, 2012

### DOCUMENTS INCORPORATED BY REFERENCE

None.

### TABLE OF CONTENTS

|  |    |
|--|----|
| Item 1. Business.....  | 3  |
| Item 1A. Risk Factors.....   | 6  |
| Item 1B. Unresolved Staff Comments.....  | 10 |
| Item 2. Properties.....  | 10 |
| Item 4. Mine Safety Disclosures.....   | 10 |
| Item 5. Market for Registrant's Common Equity, Related Stockholder Matters<br>and Issuer Purchases of Equity Securities..... | 10 |
| Item 6. Selected Financial Data.....   | 12 |
| Item 7. Management's Discussion and Analysis of Financial Condition and<br>Results of Operations.....                        | 12 |
| Item 7A. Quantitative and Qualitative Disclosures About Market Risk.....   | 16 |
| Item 8. Financial Statements and Supplementary Data.....   | 17 |
| Item 9. Changes in and Disagreements With Accountants on Accounting and<br>Financial Disclosure.....                         | 29 |
| Item 9A. Controls and Procedures.....  | 29 |

# Edgar Filing: Lithium Corp - Form 10-K

|   |    |
|---|----|
| Item 9B. Other Information.....   | 30 |
| Item 10. Directors, Executive Officers and Corporate Governance.....  | 30 |
| Item 11. Executive Compensation.....  | 34 |
| Item 12. Security Ownership of Certain Beneficial Owners and Management and<br>Related Stockholder Matters..... | 37 |
| Item 13. Certain Relationships and Related Transactions, and Director<br>Independence.....                      | 38 |
| Item 14. Principal Accounting Fees and Services.....  | 38 |
| Item 15. Exhibits, Financial Statement Schedules.....   | 39 |

2

## 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.

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

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

3

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 then director of our company cancelled 220,000,000 restricted shares of our common stock.

### OUR CURRENT BUSINESS

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

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

### FISH LAKE VALLEY PROPERTY

Fish Lake Valley is a lithium enriched playa (also known as a salar, or salt pan), which is located in west central Nevada in northern Esmeralda county, and the property is roughly centered at 417050E 4195350N (NAD 27 CONUS). We currently hold ninety two - eighty (80) acre Association Placer claims that cover approximately 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.

The property was originally held under mining lease purchase agreement dated June 1, 2009 between Nevada Lithium Corporation, and Nevada Alaska Mining Co.

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

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

The geological setting at Fish Lake Valley is highly analogous to the salars of Chile, Bolivia, & Peru, and more importantly Clayton Valley, where Chemetall has its Silver Peak lithium-brine operation. Access is excellent in Fish Lake Valley with all weather gravel roads leading to the property from State Highways 264, and 265, and maintained gravel roads ring the Playa. Power is available approximately 10 miles from the property, and the village of Dyer is approximately 12 miles to the south, while the town of Tonopah Nevada is approximately 50 miles to the East.

Our company has completed a number of geochemical and geophysical studies on the property, and conducted a short drill program on the periphery of the playa in the fall of 2010. Near-surface brine sampling during the spring of 2011 has outlined a boron/lithium/potassium anomaly that is roughly 1.3 x 2 miles long, which has a smaller higher grade core where lithium mineralization ranges from 100 to 150 mg/L, with boron ranging from 1,500 to 2,670 mg/L, and potassium from 5,400 to 8,400 mg/L. Our company had planned to drill this property during the summer/fall of 2011, but it had been considerably wetter than normal there, and the opportunity to safely drill this property did not present itself in 2011. Our company plans to drill this property as soon as feasible in 2012.

### SALT WELLS

The Salt Wells property was acquired through staking a 12,320 acre parcel that covers the Eightmile Basin, a playa, which lies approximately 15 miles to the southeast of Fallon, the county seat of Churchill County, Nevada. In 2011 the property was reduced through allowing a number of non-prospective, non-strategic claims to lapse. Currently our company holds 6400 acres here.

Exploratory sediment sampling of the playa was conducted in the summer and fall of 2009 and 83% of the samples taken within the claim area have returned anomalous values in lithium, with the highest value being in the order of 750 ppm Li. In 2010 continued geochemical work, and geophysical studies were performed on the property, and a brine sampling program is currently underway there. Brine sampling in the winter and spring of 2011 delineated an anomaly here which is roughly three quarters of a mile wide by one and a half miles

4

long, with values up to 36.5 mg/L lithium. This work was followed up by a gravity geophysical survey during the summer of 2011, which indicated that the brine anomaly in this property is proximal to a basin bounding structure.

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

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

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

### SAN EMIDIO

The San Emidio property was acquired through the staking of claims in September 2011. The twenty - eighty (80) acre Association Placer claims staked here cover an area of approximately 1600 acres. The property is approximately 65 miles north-northeast of Reno, Nevada, and has excellent infrastructure.

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

In spring 2011 our company conducted near-surface brine sampling and a high resolution gravity geophysical survey in summer/fall 2011. The company permitted a 7 hole drilling program with the BLM in late fall, and a Direct Push drill program was commenced in early February 2012. Drilling here delineated a narrow elongate shallow brine reservoir which is greater than 2.5 miles length, and which is adjacent to a basinal feature outlined by the earlier gravity survey. Two values of over 20 milligrams/liter lithium were obtained from two holes located centrally in this brine anomaly. Our Company is currently considering various options for ongoing exploration here in 2012.

### OTHER

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

Lithium Corporation also remained active during 2011 exploring other locations which are felt to be prospective for hosting lithium mineralization, as well as evaluating opportunities brought to the company by third parties.

### 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.

5

### COMPLIANCE WITH GOVERNMENT REGULATION

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

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

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

### RESEARCH AND DEVELOPMENT

We have incurred \$Nil in research and development expenditures over the last two fiscal years.

### 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.

### 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.

6

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.

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

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 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.

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.



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

7

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 and/or associated byproducts. 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.

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 operate a mine. We had cash in the amount of \$970,030 as of December 31, 2011. At December 31, 2011, we had working capital of \$1,022,395. We incurred a net loss of \$590,911 for the year ended December 31, 2011 and \$1,684,297 since inception. We estimate our average monthly operating expenses to be approximately \$42,000, 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

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

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.

8

### 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

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

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 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 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.

9

### 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 10597 Double R Blvd - Suite 2, Reno, Nevada, 89521, our monthly rent is \$500. Additionally the company rents storage space in Reno for field equipment for \$66 per month.

### 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 San Emidio. For detailed 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. MINE SAFETY DISCLOSURES

Not applicable.

# Edgar Filing: Lithium Corp - Form 10-K

## 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:

#### OTC Bulletin Board(1)

| Quarter Ended<br>----- | High<br>---- | Low<br>--- |
|------------------------|--------------|------------|
| December 31, 2011      | \$0.32       | \$0.12     |
| September 30, 2011     | \$0.38       | \$0.151    |
| June 30, 2011          | \$1.92       | \$0.18     |
| March 31, 2011         | \$0.30       | \$0.165    |
| December 31, 2010      | \$0.38       | \$0.30     |
| September 30, 2010     | \$0.51       | \$0.30     |
| June 30, 2010          | \$1.04       | \$0.35     |
| March 31, 2010         | \$1.41       | \$0.90     |
| December 31, 2009      | \$1.40       | \$0.60     |

-----  
(1) Over-the-counter market quotations reflect inter-dealer prices without retail mark-up, mark-down or commission, and may not represent actual transactions.

10

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 March 30th, 2012, the shareholders' list showed 11 registered shareholders with 63,661,408 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 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, 2011:

# Edgar Filing: Lithium Corp - Form 10-K

## Equity Compensation Plan Information

| Plan Category<br>-----  | Number of Securities<br>Number of Securities to be<br>Issued Upon Exercise of<br>Outstanding Options,<br>Warrants and Rights<br>----- | Weighted-Average Exercise<br>Price of Outstanding Options,<br>Warrants and Rights<br>----- | Rema<br>Fut<br>Equit<br>(ex<br>--- |
|---|---|--|------------------------------------|
| Equity Compensation Plans<br>Approved by Security<br>Holders  | Nil   | Nil  |                                    |
| Equity Compensation Plans Not<br>Approved by Security Holders | 950,000   | \$0.259  |                                    |
| Total   | 950,000   | \$0.259  |                                    |

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

On April 28, 2011, we issued 150,000 shares of our common stock upon the exercise of stock options to a consultant of our company. Each stock option was exercisable at \$0.24 per share. We issued all of the shares to one (1) person in an offshore transaction relying on Regulation S and/or Section 4(2) of the Securities Act of 1933.

On May 5, 2011, we issued 200,000 shares of our common stock upon the exercise of stock options to a consultant of our company. Each stock option was exercisable at \$0.24 per share. We issued all of the shares to one (1) person in an offshore transaction relying on Regulation S and/or Section 4(2) of the Securities Act of 1933.

### 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, 2011.

11

### 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

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

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 properties in Nevada, known as the Fish Lake Valley property, the Salt Wells property, and San Emidio. 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, 2011 was \$84,984 as compared to \$1,829,653 during the year ended December 31, 2010.

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

#### ESTIMATED NET EXPENDITURES DURING THE NEXT TWELVE MONTHS

|                                  |           |
|----------------------------------|-----------|
| General, Administrative Expenses | \$200,000 |
| Exploration Expenses             | 250,000   |
| Travel                           | 50,000    |
|                                  | -----     |
| TOTAL                            | \$500,000 |
|                                  | =====     |

We have suffered recurring losses from operations. The continuation of our company is dependent upon our company attaining and maintaining profitable operations and raising additional capital as needed.

The continuation of our business is dependent upon obtaining further financing, a successful program of exploration and/or development, and, finally, achieving a profitable level of operations. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our

12

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.

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

### RESULTS OF OPERATIONS - TWELVE MONTHS ENDED DECEMBER 31, 2011 AND 2010

The following summary of our results of operations should be read in conjunction with our financial statements for the year ended December 31, 2011, which are included herein.

Our operating results for the twelve months ended December 31, 2011, for the twelve months ended December 31, 2010 and the changes between those periods for the respective items are summarized as follows:

|                                | Twelve Months<br>Ended<br>December 31,<br>2011 | Twelve Months<br>Ended<br>December 31,<br>2010 | Change Between<br>Twelve Month<br>Period Ended<br>December 31, 2011<br>and<br>December 30,<br>2010 |
|--------------------------------|--|--|--|
|                                | -----  | -----  | -----  |
| Revenue                        | \$ Nil   | \$ Nil   | \$ Nil   |
| Professional fees              | 27,903   | 44,306   | (16,403)   |
| Exploration expenses           | 264,379  | 182,721  | 81,658   |
| Consulting fees                | 49,120   | 178,744  | (129,624)  |
| Insurance expense              | 15,601   | 3,303  | 12,298   |
| Amortization                   | 552  | 1,000  | (448)  |
| Investor Relations             | 71,406   | 93,712   | (22,306)   |
| Interest                       | 985  | 3,949  | (2,964)  |
| Management fees                | Nil  | 41,800   | (41,800)   |
| Transfer agent and filing fees | 12,536   | 6,224  | 6,312  |
| Travel                         | 18,805   | 20,403   | (1,598)  |
| Stock option compensation      | Nil  | 244,045  | (244,045)  |
| Website development            | Nil  | Nil  | Nil  |
| Write-down of website          | Nil  | Nil  | Nil  |
| Write-down of property         | 134,213  | 15,396   | 118,817  |
| General and administrative     | 14,668   | 16,814   | (2,385)  |
|                                | -----  | -----  | -----  |
| Total Operating Expenses       | \$ 610,168                                     | \$ 852,656                                     | \$ (242,488)   |
|                                | =====  | =====  | =====  |

Our accumulated losses increased to \$1,684,297 as of December 31, 2011. Our financial statements report a net loss of \$590,911 for the twelve month period ended December 31, 2011 compared to a net loss of \$852,656 for the twelve month period ended December 31, 2010. Our losses have decreased primarily as a result of no stock options being granted in the most current fiscal year end.

Our total current liabilities as of December 31, 2011 were \$21,730 as compared to total current liabilities of \$47,237 as of December 31, 2010. The decrease was due to the Company having less trades payable at year-end.

13

Our operating expenses for the year ended December 31, 2011 were \$610,168 compared to \$852,656 as of December 31, 2010. The decrease in operating expenses were primarily a result of no stock options being granted in the most current fiscal year end.

#### LIQUIDITY AND FINANCIAL CONDITION

|                | At<br>December 31,<br>2011 | At<br>December 31,<br>2010 |
|----------------|----------------------------|----------------------------|
|                | -----                      | -----                      |
| Current assets | \$1,044,125                | \$1,461,658                |

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

|                     |             |             |
|---------------------|-------------|-------------|
| Current liabilities | 21,730      | 47,267      |
|                     | -----       | -----       |
| Working capital     | \$1,022,395 | \$1,414,421 |
|                     | =====       | =====       |

### WORKING CAPITAL

### CASH FLOWS

|   | Year Ended   |              |
|---|--------------|--------------|
|   | December 31  |              |
|   | 2011         | 2010         |
|   | -----        | -----        |
| Net cash (used in) operating activities       | \$ (487,498) | \$ (685,986) |
| Net Cash (used in) investing activities       | (26,214)     | (105,420)    |
| Net cash provided by financing activities     | 84,984       | 1,829,653    |
|   | -----        | -----        |
| Net increase (decrease) in cash during period | \$ (428,728) | 1,038,247    |
|   | =====        | =====        |

### OPERATING ACTIVITIES

Net cash used in operating activities was \$487,498 for the year ended December 31, 2011 compared with net cash used in operating activities of \$685,986 in the same period in 2010.

### INVESTING ACTIVITIES

Net cash used in investing activities was \$26,214 for the year ended December 31, 2011 compared to net cash used in investing activities of \$236,670 in the same period in 2010. The decrease in use of cash of \$210,456 in investing activities is mainly attributable to less funds being used to acquire mineral property interests in the most currently completed fiscal year end.

### FINANCING ACTIVITIES

Net cash provided by financing activities was \$84,984 for the year ended December 31, 2011 compared to \$1,829,653 provided by financing activities in the same period in 2010.

### CONTRACTUAL OBLIGATIONS

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

### GOING CONCERN

As of December 31, 2011, our company has accumulated losses of \$1,684,297 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.



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

### 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 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.

### EXPLORATION STAGE COMPANY

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

### ACCOUNTING BASIS

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

### CASH AND CASH EQUIVALENTS

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

### CONCENTRATIONS OF CREDIT RISK

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

### USE OF ESTIMATES

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

### REVENUE RECOGNITION

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

### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of our wholly-owned

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

subsidiary. All material inter-company transactions have been eliminated.

15

### LOSS PER SHARE

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

### COMPUTER EQUIPMENT

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

### INCOME TAXES

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

### FINANCIAL INSTRUMENTS

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

### MINERAL PROPERTIES

Costs of exploration, carrying and retaining unproven mineral lease properties are expensed as incurred. Mineral property acquisition costs are capitalized including licenses and lease payments. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects. Impairment losses are recorded on mineral properties used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Impairment of \$134,213 was recorded in 2011 relating to the abandonment of some mineral claims.

### 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.

16

### ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

# Edgar Filing: Lithium Corp - Form 10-K

[AUDIT REPORT INSERTS HERE]

17

Lithium Corporation  
(An Exploration Stage Company)  
Consolidated Balance Sheets  
As of December 31, 2011 and 2010

|  | December 31,<br>2011<br>----- |
|--|-------------------------------|
| ASSETS   |                               |
| CURRENT ASSETS   |                               |
| Cash   | \$ 970,030                    |
| Accounts receivable  | 674                           |
| Prepaid expenses   | 73,421                        |
|  | -----                         |
| TOTAL CURRENT ASSETS   | 1,044,125                     |
|  | -----                         |
| OTHER ASSETS   |                               |
| Property and equipment, net  | 377                           |
| Mineral properties   | 506,516                       |
|  | -----                         |
| TOTAL OTHER ASSETS   | 506,893                       |
|  | -----                         |
| TOTAL ASSETS   | \$ 1,551,018                  |
|  | =====                         |
| LIABILITIES AND STOCKHOLDERS' EQUITY   |                               |
| LIABILITIES  |                               |
| CURRENT LIABILITIES  |                               |
| Accounts payable and accrued liabilities   | \$ 21,730                     |
| Due to directors, net  | --                            |
|  | -----                         |
| TOTAL CURRENT LIABILITIES  | 21,730                        |
|  | -----                         |
| TOTAL LIABILITIES  | 21,730                        |
|  | -----                         |
| Commitments and contingencies  | --                            |
| STOCKHOLDERS' EQUITY   |                               |
| Common stock, 3,000,000,000 shares authorized, par value \$0.001;<br>63,661,408 common shares issued and outstanding (2010 - 62,917,288) | 63,662                        |
| Additional paid in capital   | 1,718,093                     |
| Additional paid in capital - options   | 179,587                       |
| Additional paid in capital - warrants  | 1,252,243                     |
| Deficit accumulated during the exploration stage   | (1,684,297)                   |
|  | -----                         |

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

|  |                       |
|--|-----------------------|
| TOTAL STOCKHOLDERS' EQUITY                 | 1,529,288<br>-----    |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 1,551,018<br>===== |

See the accompanying notes to the consolidated financial statements

18

Lithium Corporation  
 (An Exploration Stage Company)  
 Consolidated Statements of Operations  
 For the years ended December 31, 2011 and 2010  
 For the period from January 30, 2007 (Inception) to December 31, 2011

|                                  | Year ended<br>December 31,<br>2011<br>----- | Year ended<br>December 31,<br>2010<br>----- |
|----------------------------------|---|---|
| REVENUE                          | \$ --                                       | \$ --                                       |
| OPERATING EXPENSES               |   |   |
| Professional fees                | 27,903                                      | 44,306                                      |
| Amortization                     | 552   | 1,000                                       |
| Exploration expenses             | 264,379                                     | 182,721                                     |
| Consulting fees                  | 49,120                                      | 178,744                                     |
| Insurance expense                | 15,601                                      | 3,303                                       |
| Investor relations               | 71,406                                      | 93,712                                      |
| Interest expense                 | 985   | 3,949                                       |
| Management fees                  | --  | 41,800                                      |
| Transfer agent and filing fees   | 12,536                                      | 6,224                                       |
| Travel                           | 18,805                                      | 20,403                                      |
| Stock option compensation        | --  | 244,045                                     |
| Website development costs        | --  | --  |
| Write-down of website costs      | --  | --  |
| Write-down of mineral properties | 134,213                                     | 15,396                                      |
| General and administrative       | 14,668                                      | 16,814                                      |
| TOTAL OPERATING EXPENSES         | 610,168                                     | 852,656                                     |
| LOSS BEFORE FROM OPERATIONS      | (610,168)                                   | (852,656)                                   |
| OTHER INCOME (EXPENSE)           |   |   |
| Other income                     | 17,952                                      | --  |
| Interest income                  | 1,305                                       | --  |
| LOSS BEFORE INCOME TAXES         | (590,911)                                   | (852,656)                                   |
| PROVISION FOR INCOME TAXES       | --  | --  |
| NET LOSS                         | \$ (590,911)<br>=====                       | \$ (852,656)<br>=====                       |

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

|  |            |            |
|--|------------|------------|
| NET LOSS PER SHARE: BASIC AND DILUTED          | \$ (0.01)  | \$ (0.01)  |
|  | =====      | =====      |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING: |            |            |
| BASIC AND DILUTED                              | 63,244,913 | 61,993,466 |
|  | =====      | =====      |

See the accompanying notes to the consolidated financial statements

19

Lithium Corporation  
(An Exploration Stage Company)  
Consolidated Statement of Stockholders' Equity  
From January 30, 2007 (Inception) to December 31, 2011

|   | Common Stock |           | Additional<br>Paid in<br>Capital | Additional<br>Paid in<br>Capital-<br>Warrants | Additional<br>Paid in<br>Capital-<br>Options |
|---|--------------|-----------|----------------------------------|---|--|
|   | Shares       | Amount    |                                  |   |  |
| Balance, January 30, 2007<br>(date of inception)  | --           | \$ --     | \$ --                            | \$ --   | \$ --  |
| Shares issued to founder on<br>January 30, 2007 @ \$0.001<br>per share (par value \$0.001<br>per 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  |              |           |                                  |   |  |

Edgar Filing: Lithium Corp - Form 10-K

|  |            |           |             |             |           |
|--|------------|-----------|-------------|-------------|-----------|
| @ \$1.00 per share                               | 2,000,000  | 2,000     | 745,757     | 1,252,243   | --        |
| Stock options issued                             | --         | --        | --          | --          | 244,045   |
| Net loss for the year ended<br>December 31, 2010 | --         | --        | --          | --          | --        |
| Balance, December 31, 2010                       | 62,917,288 | 62,918    | 1,476,544   | 1,252,243   | 244,045   |
| Shares issued with respect<br>to Fish Lake       | 394,120    | 394       | 87,106      | --          | --        |
| Forgiveness of debt                              | --         | --        | 6,335       | --          | --        |
| Options exercised                                | 350,000    | 350       | 148,108     | --          | (64,458)  |
| Net loss   | --         | --        | --          | --          | --        |
| Balance, December 31, 2011                       | 63,661,408 | \$ 63,662 | \$1,718,093 | \$1,252,243 | \$179,587 |

See the accompanying notes to the consolidated financial statements

20

Lithium Corporation  
(An Exploration Stage Company)  
Consolidated Statements of Cash Flows  
For the years ended December 31, 2011 and 2010  
For the period from January 30, 2007 (Inception) to December 31, 2011

|   | Year ended<br>December 31,<br>2011 | Year<br>Decemb<br>20 |
|---|------------------------------------|----------------------|
|   | -----                              | -----                |
| CASH FLOWS FROM OPERATING ACTIVITIES:                           |                                    |                      |
| Net loss for the period   | \$ (590,911)                       | \$ (8                |
| Adjustment for non-cash items:                                  |                                    |                      |
| Write-down of software development                              | --                                 |                      |
| Write-down of mineral properties                                | 134,213                            |                      |
| Stock option compensation expense                               | --                                 | 2                    |
| Amortization  | 552                                |                      |
| Changes in assets and liabilities:                              |                                    |                      |
| (Increase) decrease in accounts receivable                      | (674)                              |                      |
| (Increase) decrease in prepaid expenses                         | (10,521)                           | (                    |
| Increase (decrease) in accounts payable and accrued liabilities | (20,157)                           | (                    |
|   | -----                              | -----                |
| NET CASH USED IN OPERATING ACTIVITIES                           | (487,498)                          | (6                   |
|   | -----                              | -----                |
| CASH FLOWS FROM INVESTING ACTIVITIES:                           |                                    |                      |
| Purchase of equipment   | (431)                              |                      |
| Purchase of software development                                | --                                 |                      |
| Interest in mineral properties                                  | (25,783)                           | (1                   |
|   | -----                              | -----                |
| NET CASH USED IN INVESTING ACTIVITIES                           | (26,214)                           | (1                   |

Edgar Filing: Lithium Corp - Form 10-K

|   |            |        |
|---|------------|--------|
|   | -----      | -----  |
| CASH FLOWS FROM FINANCING ACTIVITIES:                     |            |        |
| Proceeds from (repayment) of loan payable                 | --         | (1     |
| Proceeds from (repayment to) director                     | 984        |        |
| Proceeds from sale of stock                               | 84,000     | 2,0    |
|   | -----      | -----  |
| NET CASH PROVIDED BY FINANCING ACTIVITIES                 | 84,984     | 1,8    |
|   | -----      | -----  |
| Increase (decrease) in cash                               | (428,728)  | 1,0    |
| Cash, beginning of period                                 | 1,398,758  | 3      |
|   | -----      | -----  |
| CASH, END OF PERIOD                                       | \$ 970,030 | \$ 1,3 |
|   | =====      | =====  |
| SUPPLEMENTAL CASH FLOW INFORMATION:                       |            |        |
| Cash paid for interest                                    | \$ 0       | \$     |
|   | =====      | =====  |
| Cash paid for income taxes                                | \$ 0       | \$     |
|   | =====      | =====  |
| SUPPLEMENTAL NON-CASH INVESTING AND FINANCING ACTIVITIES: |            |        |
| Common stock issued for mineral properties                | \$ 87,500  | \$ 1   |
|   | =====      | =====  |
| Shareholder debt converted to contributed capital         | \$ 6,335   | \$     |
|   | =====      | =====  |

See the accompanying notes to the consolidated financial statements

21

Lithium Corporation  
(An Exploration Stage Company)  
Notes to Consolidated Financial Statements  
December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Nevada Lithium Corporation was incorporated on March 16, 2009 under the laws of Nevada under the name Lithium Corporation. On September 10, 2009, the Company amended its articles of incorporation to change its name to Nevada Lithium Corporation. By agreement dated October 09, 2009 Nevada Lithium Corporation and Lithium Corporation amalgamated as Lithium Corporation. Lithium Corporation is engaged in the acquisition and development of certain lithium interests in the state of Nevada, and is currently in the exploration stage. These consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles.

EXPLORATION STAGE COMPANY

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

ACCOUNTING BASIS

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

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

### CASH AND CASH EQUIVALENTS

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

### CONCENTRATIONS OF CREDIT RISK

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

### USE OF ESTIMATES

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

### REVENUE RECOGNITION

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

22

Lithium Corporation  
(An Exploration Stage Company)  
Notes to Consolidated Financial Statements  
December 31, 2011

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

#### PRINCIPLES OF CONSOLIDATION

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

#### LOSS PER SHARE

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

#### 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.



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

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

### INCOME TAXES

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

### FINANCIAL INSTRUMENTS

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

### MINERAL PROPERTIES

Costs of exploration, carrying and retaining unproven mineral lease properties are expensed as incurred. Mineral property acquisition costs are capitalized including licenses and lease payments. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects. Impairment losses are recorded on mineral properties used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Impairment of \$134,213 was recorded in 2011 relating to the abandonment of some mineral claims.

23

Lithium Corporation  
(An Exploration Stage Company)  
Notes to Consolidated Financial Statements  
December 31, 2011

### NOTE 2 - GOING CONCERN

Lithium's financial statements are prepared using generally accepted accounting principles applicable to a going concern, which contemplates that the Company will continue in operation for the foreseeable future and will realize its assets and liquidate its liabilities in the normal course of business. However, Lithium has no current source of revenue, recurring losses and a deficit accumulated during the exploration stage of \$1,684,297 as of December 31, 2011. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. Lithium's management plans on raising cash from public or private debt or equity financing, on an as-needed basis and in the longer term, revenues from the acquisition, exploration and development of mineral interests, if found. Lithium's ability to continue as a going concern is dependent on these additional cash financings and, ultimately, upon achieving profitable operations through the development of mineral interests. The successful outcome of future activities cannot be determined at this time. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### NOTE 3 - PREPAID EXPENSES

Prepaid expenses consisted of the following at December 31, 2011 and 2010:

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

|                        | 2011      | 2010      |
|------------------------|-----------|-----------|
|                        | -----     | -----     |
| Professional fees      | \$ --     | \$ 10,275 |
| Exploration costs      | 9,000     | 34,352    |
| Bonds                  | 39,754    | 12,975    |
| Rent                   | 298       | 298       |
| Insurance              | 12,395    | --        |
| Office                 | 5,804     | --        |
| Investor relations     | 6,170     | --        |
| Consulting             | --        | 5,000     |
|                        | -----     | -----     |
| Total prepaid expenses | \$ 73,421 | \$ 62,900 |
|                        | =====     | =====     |

### NOTE 4 - PROPERTY AND EQUIPMENT

|                                | 2011     | 2010     |
|--------------------------------|----------|----------|
|                                | -----    | -----    |
| Computer Equipment             | \$ 2,433 | \$ 2,002 |
| Less: Accumulated amortization | (2,056)  | (1,504)  |
|                                | -----    | -----    |
| Property and equipment, net    | \$ 377   | \$ 498   |
|                                | =====    | =====    |

Amortization expense was \$522 and \$1,000 for the years ended December 31, 2011 and 2010, respectively.

24

Lithium Corporation  
 (An Exploration Stage Company)  
 Notes to Consolidated Financial Statements  
 December 31, 2011

### NOTE 5 - MINERAL PROPERTIES

#### FISH LAKE PROPERTY

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

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

As at December 31, 2011, the Company has recorded \$414,168 in acquisition costs related to the Fish Lake Property.

#### STAKED PROPERTIES

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

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

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

The Company performs an impairment test on an annual basis to determine whether 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. Impairment of \$134,213 was recorded in 2011 relating to the abandonment of some mineral claims.

### NOTE 6 - CAPITAL STOCK

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

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

### COMMON STOCK

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

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

25

Lithium Corporation  
(An Exploration Stage Company)  
Notes to Consolidated Financial Statements  
December 31, 2011

### NOTE 6 - CAPITAL STOCK (CONTINUED)

On October 9, 2009, the Company cancelled 220,000,000 shares of its common stock. Also on October 9, 2009, the Company issued 12,350,000 shares of its common stock for 100 percent of the issued and outstanding stock of Nevada Lithium Corp. Refer to Note 3.

On January 10, 2010, the Company issued 53,484 shares of its common stock as part of the Fish Lake Property acquisition.

On March 24, 2010, the Company issued 2,000,000 units in a private placement, raising gross proceeds of \$2,000,000, or \$1.00 per unit. Each unit consists of one common share in the capital of our company and one non-transferable common share purchase warrant. Each whole common share purchase warrant non-transferable entitles the holder thereof to purchase one share of common stock in the capital of our company, for a period of twelve months commencing the closing, at a purchase price of \$1.20 per warrant share and at a purchase price of \$1.35 per warrant share for a period of twenty-four months thereafter.

On April 30, 2010, the Company issued 38,068 shares of its common stock as part of the Fish Lake Property acquisition.

On July 10, 2010, the Company issued 104,168 shares of its common stock as part of the Fish Lake Property acquisition.

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

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

On January 10, 2011, the Company issued 163,856 shares of its common stock as part of the Fish Lake Property acquisition.

On April 10, 2011, the Company issued 230,264 shares of its common stock as part of the Fish Lake Property acquisition.

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

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

There were 63,661,408 shares of common stock issued and outstanding as of December 31, 2011.

### WARRANTS

| Issue Date<br>----- | Number<br>----- | Price<br>----- | Expiry Date<br>----- | Outstanding at<br>December 31, 2011<br>----- |
|---------------------|-----------------|----------------|----------------------|--|
| March 24, 2010      | 2,000,000       | \$1.35         | March 24, 2012       | 2,000,000                                    |

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.

26

Lithium Corporation  
(An Exploration Stage Company)  
Notes to Consolidated Financial Statements  
December 31, 2011

### NOTE 6 - CAPITAL STOCK (CONTINUED)

#### Stock Based Compensation

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

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

Edgar Filing: Lithium Corp - Form 10-K

| Exercise Prices | Total Options Outstanding | Remaining Life (Years) | Average Exercise Price | Options Exercisable |
|-----------------|---------------------------|------------------------|------------------------|---------------------|
| \$0.28          | 500,000                   | 3.73                   | \$0.28                 | 500,000             |
| \$0.24          | 450,000                   | 3.73                   | \$0.24                 | 450,000             |

Total stock-based compensation for the year- ended December 31, 2011 was \$Nil (2010: \$244,045).

The following table summarizes the stock options outstanding at December 31, 2011:

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

27

Lithium Corporation  
 (An Exploration Stage Company)  
 Notes to Consolidated Financial Statements  
 December 31, 2011

NOTE 7 - INCOME TAXES

A. As of December 31, 2011, the Company had net operating loss carry forwards of approximately \$1,684,297 that may be available to reduce future years' taxable income in varying amounts through 2031. Future tax benefits which may arise as a result of these losses have not been recognized in these financial statements, as their realization is determined not likely to occur and accordingly, the Company has recorded a valuation allowance for the deferred tax asset relating to these tax loss carry-forwards.

B. The provision for Federal income tax consists of the following at December 31:

|   | 2011       | 2010       |
|---|------------|------------|
| Federal income tax benefit attributable to: |            |            |
| Current operations                          | \$ 200,910 | \$ 289,903 |
| Less: valuation allowance                   | (200,910)  | (289,903)  |
| Net provision for Federal income taxes      | \$ 0       | \$ 0       |

The cumulative tax effect at the expected rate of 34% of significant items comprising our net deferred tax amount is as follows at December 31:

|                                     | 2011       | 2010       |
|-------------------------------------|------------|------------|
| Deferred tax asset attributable to: |            |            |
| Net operating loss carryover        | \$ 572,661 | \$ 371,751 |
| Less: valuation allowance           | (572,661)  | (371,751)  |
| Net deferred tax asset              | \$ 0       | \$ 0       |

Due to the change in ownership provisions of the Tax Reform Act of 1986, net

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

operating loss carry forwards of approximately \$1,684,297 for Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur net operating loss carry forwards may be limited as to use in future years.

### NOTE 8 - SUBSEQUENT EVENTS

The Company has analyzed its operations subsequent to December 31, 2011 through the date these financial statements were issued, and has determined that it does not have any other material subsequent events to disclose.

28

### 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, 2011, 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 financial reporting as of December 31, 2011. 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, 2011, our internal control over financial reporting is effective. Our management reviewed the results of their assessment with our board of directors.

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

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

29

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.

### 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, 2011 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 |
|------------|---|-----|------------------------------------|
| Tom Lewis  | President, Treasurer,<br>Secretary and Director | 57  | August 25, 2009                    |
| John Hiner | Vice President of<br>Exploration and Director   | 64  | October 25, 2009                   |

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

|                     |          |    |                   |
|---------------------|----------|----|-------------------|
| Henry (Kip) Tonking | Director | 57 | November 17, 2009 |
| Stephen Goss        | Director | 61 | February 8, 2010  |
| John Webster        | Director | 55 | 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

30

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 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. John brings a great deal of depth and insight to the Board of Directors of our Company.

#### 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 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,



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

Vice President of Golden Crescent Corporation, and Manager of All American Resources, all of which are Nevada based companies. Kip's experience in, and knowledge of Nevada has been a valuable asset to our Company.

### 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. The Company feels that Steve's administrative and land management skills were an essential addition to the Board of Directors, due to the issues of maintaining a large land base.

### 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. John is the latest Director appointed to our Board, and his accounting, and reporting skills are a welcome addition to the Board.

### EMPLOYMENT AGREEMENTS

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

31

### 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

To the best of our knowledge, none of our directors or executive officers has, during the past ten years:

1. been convicted in a criminal proceeding or been subject to a pending criminal proceeding (excluding traffic violations and other minor offences);
2. had any bankruptcy petition filed by or against the business or property of the person, or of any partnership, corporation or business association of which he was a general partner or executive officer, either at the time of the bankruptcy filing or within two years prior to that time;
3. been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction or federal or

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

state authority, permanently or temporarily enjoining, barring, suspending or otherwise limiting, his involvement in any type of business, securities, futures, commodities, investment, banking, savings and loan, or insurance activities, or to be associated with persons engaged in any such activity;

4. been found by a court of competent jurisdiction in a civil action or by the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;
5. been 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 (not including any settlement of a civil proceeding among private litigants), relating to an alleged violation of any federal or state securities or commodities law or regulation, 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 any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
6. been 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, as amended, requires our executive officers and directors and persons who own more than 10% of a registered class of our equity securities to file with the Securities and Exchange Commission initial statements of beneficial ownership, reports of changes in ownership and annual reports concerning their ownership of our shares of common stock and other equity securities, on Forms 3, 4 and 5, respectively. Executive officers, directors and greater than 10% shareholders are required by the Securities and Exchange Commission regulations to furnish us with copies of all Section 16(a) reports they file.

Based solely on our review of the copies of such forms received by our company, or written representations from certain reporting persons that no Form 5s were required for those persons, we believe that, during the fiscal year ended December 31, 2011, all filing requirements applicable to our officers, directors and greater than 10% beneficial owners as well as our officers, directors and greater than 10% beneficial owners of our subsidiaries were complied with, with the exception of the following:

32

| Name         | Number of Late<br>Reports | Number of<br>Transactions Not<br>Reported on a Timely<br>Basis | Failure to File<br>Requested Forms |
|--------------|---------------------------|--|------------------------------------|
| -----        | -----                     | -----  | -----                              |
| Hleiss Mazen | 1(1)                      | 3  | Nil                                |

- 
- (1) the insider was late filing an Exit Form 4, Notice of Change of Beneficial Ownership.

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

### 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.

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, 10597 Double R Blvd. - Suite 2, Reno, Nevada 89521.

### BOARD AND COMMITTEE MEETINGS

Our board of directors held no formal meetings during the year ended December 31, 2011. All proceedings of the board of directors were conducted by

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

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.

### NOMINATION PROCESS

As of December 31, 2011, 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, 2011 and 2010; 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, 2011 and 2010,

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 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:

Edgar Filing: Lithium Corp - Form 10-K

| Name and Principal Position  | Year         | Salary (\$) | Bonus (\$) | Stock Awards (\$) | Option Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) |
|--|--------------|-------------|------------|-------------------|--------------------|---|--|
| Tom Lewis (1)<br>President,<br>Treasurer,<br>Secretary and<br>Director | 2011<br>2010 | nil<br>nil  | nil<br>nil | nil<br>nil        | nil<br>\$46,041    | nil<br>nil                                  | nil<br>nil   |

- (1) Mr. Lewis was appointed the president, treasurer, secretary and a director of our company on August 25, 2009.
- (2) Mr. Lewis provides consulting services to the Company as needed in relation to administration, project generation, and exploration of the Company's properties.

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.

2011 GRANTS OF PLAN-BASED AWARDS

The following table provides information about equity and non-equity awards granted to the named executives in 2011:

GRANTS OF PLAN-BASED AWARDS

| Name | Grant Date | Estimated Future Payouts Under Non-Equity Incentive Plan Awards |             |              | Estimated Future Payouts Under Equity Incentive Plan Awards |             |              | All Other Stock Awards: Number of Stocks or Units |
|------|------------|---|-------------|--------------|---|-------------|--------------|---|
|      |            | Threshold (\$)  | Target (\$) | Maximum (\$) | Threshold (\$)  | Target (\$) | Maximum (\$) |   |
| None | --         | --  | --          | --           | --  | --          | --           | --  |

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

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

following table:

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

### OPTION EXERCISES AND STOCK VESTED

During our Fiscal year ended December 31, 2011 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 2011:

### DIRECTOR COMPENSATION

| 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               | Nil                | Nil   | Nil  | Nil                    |
| John Webster  | Nil                           | Nil               | Nil                | Nil   | Nil  | Nil                    |
| John Hiner    | \$3,000                       | Nil               | Nil                | Nil   | Nil  | Nil                    |
| Stephen Goss  | \$2,625                       | Nil               | Nil                | Nil   | Nil  | Nil                    |

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

### OPTION EXERCISES AND STOCK VESTED

During our Fiscal year ended December 31, 2011 there were no options exercised by our named officers.

36

### 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 April 5, 2012, 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.

| Name and Address of<br>Beneficial Owner<br>-----          | Amount and Nature of<br>Beneficial Ownership<br>----- | Percentage<br>of Class(1)<br>----- |
|---|---|------------------------------------|
| Tom Lewis<br>PO Box 2053<br>Richland, WA 99352            | 10,000,000 Common Shares                              | 15.708%                            |
| John Hiner<br>9443 Axlund Road<br>Lynden, WA 98264        | 10,000,000 Common Shares                              | 15.708%                            |
| 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                              | 31.416%                            |

-----  
(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

37

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 30, 2012. As of March 30, 2012 there were 63,661,408 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, 2011, 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.

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.

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



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

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, 2011 and for fiscal year ended December 31, 2010 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:

38

|                    | Year Ended        |                   |
|--------------------|-------------------|-------------------|
|                    | December 31, 2011 | December 31, 2010 |
|                    | -----             | -----             |
| Audit Fees         | \$ 8,000          | \$ 8,000          |
| Audit Related Fees | \$ 5,250          | \$ 5,250          |
| Tax Fees           | \$ Nil            | \$ 1,800          |
| All Other Fees     | \$ Nil            | \$ Nil            |
|                    | -----             | -----             |
| Total              | \$13,250          | \$15,050          |
|                    | =====             | =====             |

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.

#### (b) Exhibits

| Exhibit<br>Number | Description  |
|-------------------|--|
| -----             | -----  |
| (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).                   |

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

- 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).
- 39
- 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
  - 32.1\* Section 906 Certification of Principal Executive Officer and Principal Financial Officer.
  - (101)\*\* INTERACTIVE DATA FILE (FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2011)
  - 101.INS XBRL Instance Document
  - 101.SCH XBRL Taxonomy Extension Schema Document.
  - 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.
  - 101.DEF XBRL Taxonomy Extension Definition Linkbase Document.
  - 101.LAB XBRL Taxonomy Extension Label Linkbase Document.

# Edgar Filing: Lithium Corp - Form 10-K

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.

- 
- \* Filed herewith.
  - \*\* Furnished herewith. Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of any registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, and otherwise are not subject to liability under those sections

## 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 5, 2012

/s/ Tom Lewis

-----  
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 5, 2012

/s/ Tom Lewis

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

Dated: April 5, 2012

/s/ John Hiner

-----  
John Hiner  
Director

Dated: April 5, 2012

/s/ Henry Tonking

-----  
Henry Tonking  
Director

Dated: April 5, 2012

/s/ Stephen Goss

-----  
Stephen Goss  
Director

Edgar Filing: Lithium Corp - Form 10-K

Dated: April 5, 2012

/s/ John Webster

-----  
John Webster  
Director

40