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Lithium Corp
Form 10-Q
May 17, 2018

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

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2018

Or

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

For the transition period from _____ to _____

Commission File Number 000-54332

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

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

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

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

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

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

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

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS

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

94,492,553 common shares issued and outstanding as of May 10, 2018

LITHIUM CORPORATION

FORM 10-Q

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Our unaudited interim financial statements for the nine month period ended March 30, 2018 form part of this quarterly report. They are stated in United States Dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles.

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LITHIUM Corporation
Balance Sheets

	March 31, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS		
Cash	\$487,190	\$326,092
Marketable securities	14,143	18,285
Deposits	700	700
Prepaid expenses	24,079	55,837
Total Current Assets	526,112	400,914
OTHER ASSETS		
Mineral properties	377,527	231,527
TOTAL ASSETS	\$903,639	\$632,441
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$897	\$9,045
Allowance for optioned properties	616,986	516,986
TOTAL CURRENT LIABILITIES	617,883	526,031
TOTAL LIABILITIES	617,883	526,031
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Common stock, 3,000,000,000 shares authorized, par value \$0.001; 91,842,553 and 89,368,553 common shares outstanding, respectively	91,843	89,369
Common stock payable	-	-
Additional paid in capital	4,023,671	3,760,095
Additional paid in capital - options	191,513	191,513
Additional paid in capital - warrants	369,115	369,115
Accumulated deficit	(4,390,386)	(4,303,682)
TOTAL STOCKHOLDERS' EQUITY	285,756	106,410
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$903,639	\$632,441

The accompanying notes are an integral part of these financial statements

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LITHIUM Corporation
Statements of Operations

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
REVENUE	\$-	\$-
OPERATING EXPENSES		
Professional fees	9,971	9,268
Exploration expenses	3,094	390
Consulting fees	30,000	32,809
Insurance expense	4,495	4,225
Investor relations	28,042	5,249
Transfer agent and filing fees	2,319	1,361
Travel	4,172	6,152
General and administrative expenses	490	2,945
TOTAL OPERATING EXPENSES	82,583	62,399
LOSS FROM OPERATIONS	(82,583)	(62,399)
OTHER INCOME (EXPENSES)		
Change in fair value of marketable securities	(4,142)	4,568
Interest income	21	-
TOTAL OTHER INCOME (EXPENSE)	(4,121)	4,568
LOSS BEFORE INCOME TAXES	(86,704)	(57,831)
PROVISION FOR INCOME TAXES	-	-
NET LOSS	\$(86,704)	\$(57,831)
NET LOSS PER SHARE: BASIC AND DILUTED	\$(0.00)	\$(0.00)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING: BASIC AND DILUTED	90,211,620	82,559,520

The accompanying notes are an integral part of these financial statements

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LITHIUM Corporation
Statements of Stockholders' Equity (Deficit)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Additional Paid-in Capital - Warrants	Additional Paid-in Capital - Options	Common Stock Payable	Accumulated Deficit	Total Stockholders' Equity
Balance, December 31, 2016	81,704,075	\$81,705	\$3,463,903	\$308,322	\$191,513	\$11,334	\$(3,966,870)	\$89,907
Stock issued for cash	4,300,000	4,300	210,715	-	-	-	-	215,015
Stock returned to treasury	(1,076,000)	(1,076)	1,076	-	-	-	-	-
Stock issued on stock warrant exercise	3,007,145	3,007	-	60,793	-	-	-	63,800
Stock issued for services	333,333	333	11,001	-	-	(11,334)	-	-
Stock issued on stock option exercise	100,000	100	4,400	-	-	-	-	4,500
Stock issued on mineral property acquisition	1,000,000	1,000	69,000	-	-	-	-	70,000
Net loss	-	-	-	-	-	-	(336,812)	(336,812)
Balance, December 31, 2017	89,368,553	89,369	3,760,095	369,115	191,513	-	(4,303,682)	106,410
Stock issued on stock warrant exercise	1,324,000	1,324	97,976	-	-	-	-	99,300
Stock issued on stock option exercise	750,000	750	20,000	-	-	-	-	20,750
Stock issued on mineral property acquisition	400,000	400	145,600	-	-	-	-	146,000
Net loss	-	-	-	-	-	-	(86,704)	(86,704)
Balance, March 31, 2018	91,842,553	\$91,843	\$4,023,671	\$369,115	\$191,513	\$-	\$(4,390,386)	\$285,756

The accompanying notes are an integral part of these financial statements

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LITHIUM Corporation
Statements of Cash Flows

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the period	\$(86,704)	\$(57,831)
Adjustment to reconcile net loss to net cash used in operating activities		
Change in fair value of marketable securities	4,142	(4,568)
Changes in assets and liabilities:		
(Increase) decrease in prepaid expenses	31,758	(44,207)
Increase (decrease) in accounts payable and accrued liabilities	(8,148)	5,431
Net Cash Used in Operating Activities	(58,952)	(101,175)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash used in properties	-	(1,665)
Cash from properties	100,000	125,000
Net Cash Provided by Investing Activities	100,000	123,335
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash received from warrants/options exercise	120,050	63,800
Shares issued for cash	-	120,000
Net Cash Provided by Financing Activities	120,050	183,800
Increase in cash	161,098	205,960
Cash, beginning of period	326,092	281,630
Cash, end of period	\$487,190	\$487,590
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	\$-	\$-
Cash paid for income taxes	\$-	\$-
NON-CASH TRANSACTIONS:		
Marketable securities received as consideration for mineral property option	\$-	\$93,983
Shares issued as consideration for mineral property option	\$146,000	\$70,000
Cashless exercise of warrants	\$-	\$78
Value of shares returned to treasury	\$-	\$1,076
Shares for services issued from stock payable	\$-	\$11,334

The accompanying notes are an integral part of these financial statements

Lithium Corporation
Notes to the Financial Statements
March 31, 2018

Note 1 - Summary of Significant Accounting Policies

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

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

Accounting Basis

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

Cash and Cash Equivalents

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

Concentrations of Credit Risk

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

Use of Estimates

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

Revenue Recognition

Effective January 1, 2018, the Company adopted ASC 606 — Revenue from Contracts with Customers. Under ASC 606, the Company recognizes revenue from the commercial sales of products, licensing agreements and contracts to perform pilot studies by applying the following steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to each performance obligation in the contract; and (5) recognize revenue when each performance obligation is satisfied. For the comparative periods, revenue has not been adjusted and continues to be reported under ASC 605 — Revenue Recognition. Under ASC 605, revenue is recognized when the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) the performance of service has been rendered to a customer or delivery has occurred; (3) the amount of fee to be paid by a customer is fixed and determinable; and (4) the collectability of the fee is reasonably assured.

There was no impact on the Company's financial statements as a result of adopting Topic 606 for the three months ended March 31, 2018 and 2017, or the twelve months ended December 31, 2017.

Loss per Share

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

Income Taxes

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

Financial Instruments

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

Mineral Properties

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

Optioned Properties

Properties under the Company's ownership which have been optioned to a third party are deemed the Company's property until all obligations under an option agreement are met, at which point the ownership of the property transfers to the third party. All non-refundable payments received prior to all obligations under an option agreement being met are considered liabilities until such time all obligations have been met, at which time ownership of the property transfers to the third party and the Company includes option payments into its statement of operations.

Recent Accounting Pronouncements

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

In May 2017, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2017-09, Compensation-Stock Compensation (Topic 718): Scope of Modification Accounting, which clarifies when a change to the terms or conditions of a share-based payment award must be accounted for as a modification. The new guidance requires modification accounting if the fair value, vesting condition or the classification of the award is not the same immediately before and after a change to the terms and conditions of the award. The new guidance is effective for all entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2017, with early adoption permitted. The Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements and does not plan to early adopt the ASU.

Note 2 – Going Concern

As reflected in the accompanying financial statements, the Company has a working capital deficiency of \$91,771 (2017: \$125,117) as at March 31, 2018 and has used \$58,952 (2017: \$101,175) of cash in operations for the three months ended March 31, 2018. This raises substantial doubt about its ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company’s ability to raise additional capital and implement its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

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

Note 3 – Fair Value of Financial Instruments

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

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

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

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

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

The following schedule summarizes the valuation of financial instruments at fair value on a recurring basis in the balance sheets as of March 31, 2018 and December 31, 2017, respectively:

Fair Value
Measurements at March
31, 2018

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	Level 1	Level 2	Level 3
Assets			
Cash	\$487,190	\$ -	\$ -
Marketable securities	14,143	-	-
Total Assets	501,333	-	-
Liabilities			
Total Liabilities	-	-	-
	\$501,333	\$ -	\$ -

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	Fair Value Measurements at December 31, 2017		
	Level 1	Level 2	Level 3
Assets			
Cash	\$326,092	\$ -	\$ -
Marketable securities	18,285	-	-
Total Assets	344,377	-	-
Liabilities			
Total Liabilities	-	-	-
	\$344,377	\$ -	\$ -

Note 4 – Marketable Securities

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

Balance, December 31, 2017	\$18,285
Unrealized loss on mark down to fair value	(4,142)
Balance, March 31, 2018	\$14,143

The Company classifies it's marketable securities as trading.

Note 5 - Prepaid Expenses

Prepaid expenses consisted of the following at March 31, 2018 and December 31, 2017:

	March 31, 2018	December 31, 2017
Bonds	\$1,214	\$ 1,214
Transfer agent fees	2,831	-
Insurance	1,498	5,992
Office Misc.	-	-
Investor relations	18,536	48,631
Total prepaid expenses	\$24,079	\$ 55,837

Note 6 - Mineral Properties

Yeehaw and Melissa Properties

On March 17, 2017, the Company entered into an agreement whereby the Company has the option to acquire mineral properties in Revelstoke, British Columbia. To acquire the properties, the Company must issue 1,000,000 common shares on March 1, 2017 (issued) and 400,000 common shares (issued) on the anniversary of the agreement. The properties are subject to a 1% NSR, which may be purchased by the Company for \$500,000. As at March 31, 2018, the Company has recorded \$217,668 (2017: \$71,668) in acquisition costs related to the Yeehaw and Melissa properties.

Fish Lake Property

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

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

As at March 31, 2018, the Company has recorded \$436,764 in acquisition costs related to the Fish Lake Property and associated impairment of \$276,908 related to abandonment of claims. The carrying value of the Fish Lake Property was \$159,859 as of March 31, 2018 and December 31, 2017.

On March 10, 2016, the Company entered into an agreement with respect to the Fish Lake Property whereby the purchaser may earn an 80% interest in the property for payments of \$300,000, 40,000 shares (post 10:1 rollback) and work performed on the property over the next three years totaling \$1,100,000 and \$30,000 reimbursement of costs relating to the property. Should these terms be met, the purchaser has the ability to purchase the remaining 20% of the property for \$1,000,000. The Company shall retain a 2.5% NSR on the property should they sell 100% of their interest.

As of March 31, 2018, the Company has received \$330,000 and 30,000 common shares (valued at \$84,085) in relation to the option agreement. The \$414,085 has been recorded as a liability against the property until either the purchaser returns the property to the Company or the purchaser has met all the obligations associated with the agreement, at which time the liability will be charged to the statement of operations.

The market value as at March 31, 2018 of the 30,000 common shares received is \$8,486. As a result, a fair value charge of \$2,486 has been recorded in the current period.

Sugar Property

In June 2013, the company purchased claims in the Cherryville, BC area for 250,000 shares of the Company's common stock. Since this time the company has expanded the claim block considerably, and has expended approximately \$45,000 to date exploring this property for flake graphite deposits. In January, 2014, the company agreed to buy back the shares issued pursuant to the June agreement for \$2,500. The buy-back was completed in April, 2014 and recorded the purchase of stock in the Company's equity.

Staked Properties

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

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

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

write-down of mineral properties.

On May 3, 2016, the Company entered into an agreement with respect to the San Emidio Property whereby the purchaser may earn an 80% interest in the property for payments of \$100,000, 30,000 shares (post 10:1 rollback) and work performed on the property over the next three years totaling \$600,000. Should these terms be met, the purchaser has the ability to purchase the remaining 20% of the property for \$1,000,000. The Company shall retain a 2.5% NSR on the property should they sell 100% of their interest.

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As of March 31, 2018, the Company has received \$100,000 and 20,000 common shares (valued at \$102,901) in relation to the option agreement. The \$202,901 has been recorded as a liability against the property until either the purchaser returns the property to the Company or the purchaser has met all the obligations associated with the agreement, at which time the liability will be charged to the statement of operations.

The market value as at March 31, 2018 of the 20,000 common shares received is \$5,657. As a result, a fair value charge of \$1,656 has been recorded.

Note 7 – Allowance for Optioned Properties

Fish Lake Valley

On March 10, 2016, the Company entered into an agreement with respect to the Fish Lake Property whereby the purchaser may earn an 80% interest in the property for payments of \$300,000, 40,000 shares (post 10:1 rollback) and work performed on the property over the next three years totaling \$1,100,000 and \$30,000 reimbursement of costs relating to the property. Should these terms be met, the purchaser has the ability to purchase the remaining 20% of the property for \$1,000,000. The Company shall retain a 2.5% NSR on the property should they sell 100% of their interest.

As of March 31, 2018, the Company has received \$330,000 and 30,000 common shares (valued at \$84,085) in relation to the option agreement. The \$414,085 has been recorded as a liability against the property until either the purchaser returns the property to the Company or the purchaser has met all the obligations associated with the agreement, at which time the liability will be charged to the statement of operations.

San Emidio

On May 3, 2016, the Company entered into an agreement with respect to the San Emidio Property whereby the purchaser may earn an 80% interest in the property for payments of \$100,000, 30,000 shares (post 10:1 rollback) and work performed on the property over the next three years totaling \$600,000. Should these terms be met, the purchaser has the ability to purchase the remaining 20% of the property for \$1,000,000. The Company shall retain a 2.5% NSR on the property should they sell 100% of their interest.

As of March 31, 2018, the Company has received \$100,000 and 20,000 common shares (valued at \$102,901) in relation to the option agreement. The \$202,901 has been recorded as a liability against the property until either the purchaser returns the property to the Company or the purchaser has met all the obligations associated with the agreement, at which time the liability will be charged to the statement of operations.

Note 8 - Capital Stock

The Company is authorized to issue 300,000,000 shares of it \$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 February 10, 2017, the Company issued and removed from stock payable 333,333 common shares in relation to a services agreement dated April 1, 2016. These shares were valued at \$11,334, being the fair market value at the date of contract.

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

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

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

On July 31, 2017, the Company issued 1,900,000 common shares for gross proceeds of \$95,000.

On September 5, 2017, the Company issued 1,000,000 shares as consideration for the Yeehaw and Melissa Properties (see Note 3).

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On November 21, 2017, the Company issued 100,000 shares gross proceeds of \$4,500 pursuant to the exercise of stock options.

On November 27, 2017, the Company issued 1,475,514 shares pursuant to a cashless exercise of warrants.

On November 28, 2017, the Company issued 105,000 shares pursuant to a cashless exercise of warrants.

On December 21, 2017, the Company issued 72,727 shares pursuant to a cashless exercise of warrants.

On January 22, 2018, the Company issued 200,000 shares gross proceeds of \$7,000 pursuant to the exercise of stock options.

On February 7, 2018, the Company issued 50,000 shares gross proceeds of \$1,250 pursuant to the exercise of stock options.

On February 28, 2018, the Company issued 500,000 shares gross proceeds of \$12,500 pursuant to the exercise of stock options.

On February 28, 2018, the Company issued 400,000 at \$0.365 shares per share as consideration for the Yeehaw and Melissa Properties (see Note 6).

On March 7, 2018, the Company issued 1,324,000 common shares for gross proceeds of \$90,300 pursuant to the exercise of warrants.

There were 91,842,553 shares of common stock issued and outstanding as of March 31, 2018 (2017: 89,368,553).

Warrants

On October 15, 2015, the Company issued 2,700,000 warrants exercisable at \$0.05 for the first 12 months after closing and \$0.075 for the following 12 months after closing. The fair value of the warrants has been measured at \$45,473.

On March 27, 2017, as part of the issuance of common stock, the Company issued 2,400,000 warrants exercisable at \$0.05 for the first 12 months after closing and \$0.075 for the following 12 months after closing. The fair value of the warrants has been measured at \$86,180. The warrants vested six months after being granted.

On July 31, 2017, as part of the issuance of common stock, the Company issued 1,900,000 warrants exercisable at \$0.075 for 24 months after closing. The fair value of the warrants has been measured at \$69,489. The warrants vested six months after being granted.

The table below outlines the change in warrants for the year-ended December 31, 2017, 2016 and the three months ended March 31, 2018:

	Number
Balance, December 31, 2016	5,976,000
Granted	4,300,000
Cancelled	(1,076,000)
Expired	(2,000,000)

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Exercised (3,476,000)

Balance, December 31, 2017 3,724,000

Exercised (1,324,000)

Balance, March 31, 2018 2,400,000

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The table below outlines details of warrants outstanding at March 31, 2018:

Grant Date	Number	Exercise Price	Expiry Date
March 27, 2017	2,400,000	\$ 0.050	March 27, 2019
Total	2,400,000		

The outstanding warrants have a fair value of \$449,334 as at March 31, 2018. The Company uses the Black-Scholes valuation model to value warrants. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates, which are subjective and may not be representative of actual results. Assumptions used to determine the fair value of the remaining stock options are as follows: Risk free interest rate of 2.27%; Volatility of 154.5%; Expected life of 2 years and a dividend rate of zero.

Stock Based Compensation

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

On March 15, 2013, all pre-existing options were modified to exercise prices of \$0.045. The modification resulted in stock-based compensation of \$8,848. Also on March 15, 2013, the Company issued an additional 200,000 options at an exercise price of \$0.045 to consultants for management services. These options were vested on the date of grant and resulted in stock-based compensation of \$7,794. During the three months ended March 31, 2018, 100,000 options have been exercised for proceeds of \$4,500.

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

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

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

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

On February 10, 2016, the Company granted 850,000 options at an exercise price of \$0.025 in exchange for various professional and managerial services. During the three month ended March 31, 2018, 650,000 options were exercised for proceeds of \$16,250. The fair value of these options was \$27,412. The Company uses the Black-Scholes option valuation model to value stock options. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates, which are subjective and may not be representative of actual results. Assumptions used to determine the fair value of the remaining stock options are as follows:

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

The following table summarizes the stock options outstanding at March 31, 2018:

Issue Date	Number	Price	Expiry Date	Outstanding at March 31, 2018
March 15, 2013	100,000	\$0.045	March 15, 2018	100,000
November 12, 2014	600,000	\$0.045	November 12, 2019	600,000

Note 9 – Related Party Transactions

The Company paid consulting fees totaling \$30,000 and \$18,000 to related parties for the three months ended March 31, 2018 and 2017, respectively.

Note 10 – Commitment and Contingencies

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

On December 4, 2015 a claim was filed in the United States District Court, District of Nevada against a number of defendants both individually, and in their various capacities with different organizations or governmental departments. Included in the list of defendants was our Company and its president Tom Lewis, amongst others. This challenge was with respect to land in Tonopah, Nye County that is a part of the Hughes claim package, and the plaintiff alleged that the recorded title to the parcel of land, that comprises the Hughes claims here, was wrongfully changed by the County Recorder to Summa, LLC, a company which our Company holds a significant investment. Additionally the plaintiff alleged that the defendants, including the Company and its president engaged in racketeering, and were part of a conspiracy to fraudulently strip the lands from the plaintiff. Title had been legally

changed pursuant to a prior court order issued by the United States District Court of Nevada, and the Company, its president and all other defendants deny any wrongdoing.

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Dual identical actions were filed by the plaintiff at this time against the Company and the other defendants: the first mentioned above was filed in the United States District Court, District of Nevada, and the second case was filed in the Fifth Judicial District Court of Nevada in Nye County against an identical list of defendants.

Tom Lewis was never legally served, and received notice in April 2016 that the Plaintiff was discontinuing its action against him.

On May 3, 2016, the case in the Fifth Judicial District Court of Nevada was dismissed with prejudice, and the defendants, including the Company, were awarded legal fees and costs to be paid by the plaintiff, and the Judge was to decide whether Nevada's Anti-Slapp legislation for frivolous actions applied in this matter. Should the Anti-Slapp portion of the co-Defendants petition be approved it could result in punitive damages of up to \$10,000 for each Defendant. The plaintiff immediately appealed, and March 8, 2017 was set as the date to hear the appeal.

On February 6, 2017, the United States District Court, District of Nevada dismissed with prejudice the case against the Company and the other defendants.

On March 8, 2017 the Fifth Judicial District Court of Nevada dismissed the appeal stemming from May 3, 2016, and upheld the defendant's right to costs, and pending submittal of additional costs for council to attend that hearing will make a written final ruling shortly with respect to costs, and the Anti-Slapp sanctions. At the same time a trial date was set for May 8, 2018 where the court will hear Summa's petition for "Quiet Title" with respect to its Tonopah properties.

On March 13th 2018 Summa was victorious in a "Quiet Title" ruling set out in the Fifth Judicial District Court where Judge Wanker ruled that Summa's claim to title in the contested claims is superior to that of any other entity that has come forward with a claim to date.

The Company is of the opinion that these actions were baseless and without merit, and intends to continue to vigorously defend our position as need be.

Note 11 - Subsequent Events

The Company has analyzed its operations subsequent to March 31, 2018 through the date these financial statements were issued, and has determined that it does not have any material subsequent events to disclose other than those described below.

On April 17, 2018, 2,400,000 warrants were exercised for proceeds of \$120,000.

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

FORWARD LOOKING STATEMENTS

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

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

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

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

As used in this quarterly report, the terms “we”, “us”, “our” and “our company” mean Lithium Corporation and our wholly-owned subsidiary Lithium Royalty Corp., a Nevada company, unless otherwise indicated.

General Overview

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

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

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

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

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

In April of 2016 our company established a wholly owned subsidiary called Lithium Royalty Corp. The subsidiary was a Nevada Corporation in which we had planned to build a portfolio of lithium mineral property royalties. Also in April of 2016 Lithium Royalty Corp. staked a lithium property consisting of a block of mineral claims that became known as the North Big Smoky Property. On May 13th, 2016 Lithium Royalty Corp. sold the North Big Smoky property to 1069934 Nevada Ltd., retaining a Net Smelter Royalty. On April 28, 2017, the Company entered into an Assignment Agreement with Lithium Royalty Corp. for the assignment of the residual interest in the North Big Smoky Property and the subsidiary was subsequently voluntarily dissolved with the Nevada Secretary of State with an effective date of April 28, 2017.

Our Current Business

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

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

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

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

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

NEV was to pay all claim and other property related fees during the earn-in phase of the agreement, and would have also retained the right to purchase one half (1%) of the NSR at any time up until the third anniversary of the signing of the formal agreement for \$1,000,000. Issues arose with respect to the claim block and Nevada Sunrise's understanding of the placement of the block, and ultimately it was determined that the Company would be best served by cancelling the agreement and refunding the money (minus bank fees) that Nevada Sunrise had sent. An informal letter agreement releasing the parties of all obligations save for the Area of Mutual Interest clause, was executed by both parties on May 05, 2017.

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

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

Also in the general area of the Michael property the Yeehaw property has been staked over a similar but lower amplitude Tantalum/rare earth elements in stream sediment anomaly. Both properties are situated in the Eocene Coryell Batholith, and it is thought that these anomalies may arise from either Carbonatite or Pegmatite type deposits. The Company conducted a helicopter borne bio-geochemical survey on these two properties in June 2017, which did return anomalous results. This was followed up by a geological and geochemical examination of the Yeehaw property in early July 2017, and additional work of a similar nature subsequently in July 2017, and in early October 2017. The examination uncovered a zone roughly 30 meters wide which includes an interval that is mineralized with approximately 0.75% Total Rare Earth Elements (TREE's). Preliminary geological, and geochemical work were performed on the Michael property in October of 2016, followed by a brief airborne biogeochemical survey in June of 2017, and additional ground geological and geochemical assessment work in early October, 2017.

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

On February 23, 2018 we issued a news release announcing that we had dropped any interest in the Michael and Three Valley Gap properties, and had renegotiated the final share payment as required in the agreement from 750,000 to 400,000 shares. The final consideration shares have been issued and the Yeehaw property has been transferred by Bormal. The company has staked an additional 5227 acre (2115.51 hectares) mineral claim and is currently in the final phase of planning its field program for 2018, which will commence after the snow has melted.

On May 13, 2016 our wholly owned subsidiary sold 100% of the interest in the North Big Smoky Property through a Property Acquisition Agreement with the private company 1069934 Nevada Ltd. ("Purchaser"). Consideration paid to Lithium Royalty Corp. consisted of \$10,000.00, reimbursement of staking and filing fees, 300,000 shares in the "Purchaser Parent", 1069934 B.C. Ltd., Lithium Royalty Corp. retained a 2.5% Net Smelter Royalty ("Vendor NSR") on the North Big Smoky Property and the Purchaser has the right to purchase up to one-half (50%) of the Vendor NSR for \$1,000,000 to reduce the Vendor NSR to 1.25%. On September 16, 2017 Lithium Corporation agreed to sell back the shares of 1069934 Nevada Ltd. to San Antone Minerals Corp. (successor of 1069934) by an agreement dated Sept 13th, 2017 for \$3,000, which was to be paid to Lithium Corporation upon completion of a \$500,000 financing, or by October 27, 2017 whichever occurs the earliest. The Company had not received the compensation under the agreement by September 30th 2017.

On February 16, 2016, we issued a news release announcing that our company has entered into a letter of intent with 1032701 B.C. Ltd. with respect to our Fish Lake Valley lithium brine property in Esmeralda County, Nevada. On March 10, 2016 we issued a news release announcing the signing of the Fish Lake Valley Earn-In Agreement. The terms of the Earn-In Agreement allow 1032701 to earn an 80% interest in Fish Lake Valley for payments over two years totaling \$300,000 and issuance of 400,000 common shares of the publicly traded company anticipated to result from a Going Public Transaction, and work performed on the property over three years in the amount of \$1,100,000. 1032701 then has a Subsequent Earn-In option to purchase Lithium Corporation's remaining 20% working interest within one year of earning the 80% by paying the Company a further \$1,000,000, at that point the

Company would retain a 2.5% Net Smelter Royalty, half of which may be purchased by 1032701 for an additional \$1,000,000. Should the Purchaser elect not to exercise the Subsequent Earn-In, a joint venture will be established. During the Joint Venture, should either party be diluted below a 10% working interest - their interest in the property will revert to a 7.5% Net Smelter Royalty. The first tranche of cash and shares are to be issued within 60 days of the signing of the formal agreement. Menika Mining, a publicly traded company on the TSX Venture Exchange trading under the symbol MML announced on March 8, 2016 that it intended to acquire 1032701 B.C. Ltd and the right to acquire the Fish Lake Valley Property. Menika Mining completed the acquisition of 1032701 B.C. and changed their name to American Lithium Corp. They fulfilled the initial obligations of the Fish Lake Valley Earn-In-Agreement in April of 2016, and all year 1 anniversary obligations have been met. To date, we have received \$200,000 and 300,000 common shares in relation to the Fish Lake option agreement.

Effective May 3, 2016, our company entered in to an Exploration Earn-In Agreement with 1067323 B.C. Ltd. with respect to our San Emidio property. The terms of the formal agreement are; payment of \$100,000, issuance of 300,000 common shares of 1067323 B.C. Ltd., or of the publicly traded company anticipated to result from a Going Public Transaction, and work performed on the property by the Optionee in the amount of \$600,000 over the next three years to earn an 80% interest in the property. 1067323 then has a subsequent Earn-In option to purchase Lithium Corporation's remaining 20% working interest within three years of earning the 80% by paying our company a further \$1,000,000, at that point our company would retain a 2.5% Net Smelter Royalty, half of which may be purchased by 1067323 for an additional \$1,000,000. Should the Purchaser elect not to exercise the Subsequent Earn-In, a joint venture will be established. 1067323 B.C. Ltd. merged with American Lithium Corp., and the first tranche of cash and shares were issued in June of 2016. The Company waived the work requirement for the first year and received 100,000 shares of American Lithium Corp. in May of 2017.

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

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

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

Our company intends to continue identifying additional lithium brine properties in Nevada and to conduct exploration on our British Columbia properties, while tracking progress at Fish Lake Valley and San Emidio. We will continue assessing our options with respect to our 25% interest in Summa, LLC, a private Nevada company, which holds the residue of the "Howard Hughes" Summa Corp., while generating new prospects and evaluating property submittals for option or purchase.

Fish Lake Valley Property

Fish Lake Valley is a lithium enriched playa (also known as a salar, or salt pan), which is located in northern Esmeralda County in west central Nevada, and the property is roughly centered at 417050E 4195350N (NAD 27 CONUS). We currently hold forty, 80-acre Association Placer claims that cover approximately 3,200 acres (1280 hectares). Lithium-enriched Tertiary-era Fish Lake formation rhyolitic tuffs or ash flow tuffs have accumulated in a valley or basinal environment. Over time interstitial formational waters in contact with these tuffs, have become enriched in lithium, boron and potassium which could possibly be amenable to extraction by evaporative methods. Our company allowed 56 claims to lapse on September 1, 2012, which covered the southern playa area. These claims were allowed to lapse as it was determined through the course of work over the past three years that they are not overly prospective for hosting lithium brine resources, nor is it strategically advantageous to continue to hold them.

The property was originally held under mining lease purchase agreement dated June 1, 2009, between Nevada Lithium Corporation, and Nevada Alaska Mining Co. Inc., Robert Craig, Barbara Craig, and Elizabeth Dickman. Nevada Lithium issued to the vendors \$350,000 worth of common stock of our company in eight regular disbursements. All disbursements were made of stock worth a total of \$350,000, and claim ownership was transferred to our company.

The geological setting at Fish Lake Valley is highly analogous to the salars of Chile, Bolivia, and Peru, and more importantly Clayton Valley, where Albemarle 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 completed a number of geochemical and geophysical studies on the property, and conducted a short drill program on the periphery of the playa in the fall of 2010. Near-surface brine sampling during the spring of 2011 outlined a boron/lithium/potassium anomaly on the northern portions of the northern playa, that is roughly 1.3 x 2 miles long, which has a smaller higher grade core where lithium mineralization ranges from 100 to 150 mg/L (average 122.5 mg/L), with boron ranging from 1,500 to 2,670 mg/L (average 2,219 mg/L), and potassium from 5,400 to 8,400 mg/L (average 7,030 mg/L). Wet conditions on the playa precluded drilling there in 2011, and for a good portion of 2012, however a window of opportunity presented itself in late fall 2012. In November/December 2012 we conducted a short direct push drill program on the northern end of the playa, wherein a total of 1,240.58 feet (378.09 meters) was drilled in 20 holes at 17 discrete sites, and an area of 3,356 feet (1,023 meters) by 2,776 feet (846 meters) was systematically explored by grid probing. The deepest hole was 81 feet (24.69 meters), and the shallowest hole that produced brine was 34 feet (10.36 meters). The average depth of the holes drilled during the program was 62 feet (18.90 meters). The program successfully demonstrated that lithium-boron-potassium-enriched brines exist to at least 62 feet (18.9 meters) depth in sandy or silty aquifers that vary from approximately three to ten feet (one to three meters) in thickness. Average lithium, boron and potassium contents of all samples are 47.05 mg/L, 992.7 mg/L, and 0.535% respectively, with lithium values ranging from 7.6 mg/L to 151.3 mg/L, boron ranging from 146 to 2,160.7 mg/L, and potassium ranging from 0.1 to 1.3%. The anomaly outlined by the program is 1,476 by 2,461 feet (450 meters by 750 meters), and is not fully delimited, as the area available for probing was restricted due to soft ground conditions to the east and to the south. A 50 mg/L lithium cutoff is used to define this anomaly and within this zone average lithium, boron and potassium contents are 90.97 mg/L, 1,532.92 mg/L, and 0.88% respectively. On September 3, 2013, we announced that drilling had commenced at Fish Lake Valley. Due to storms and wet conditions in the area which our company hoped to concentrate on, the playa was not passable, and so the program concentrated on larger step-out drilling well off the playa. This 11 hole, 1,025 foot program did prove that mineralization does not extend much, if at all, past the margins of the playa, as none of the fluids encountered in this program were particularly briny, and returned values of less than 5 mg/L lithium.

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

We have signed an Exploration Earn-In Agreement with 1032701 B.C. Ltd., a private British Columbia company with respect to our Fish Lake Valley lithium brine property.

1032701 B.C. Ltd., may acquire an initial 80% undivided interest in the Fish Lake Valley property through the payment of an aggregate of US\$300,000 in cash, completing a Going Public Transaction on or before May 6, 2016, and subject to the completion of the Going Public Transaction, arranging for the issuance of a total of 400,000 common shares in the capital of the Resulting Issuer as follows: (i) within five Business Days following the effective

date,

· Pay \$100,000 to our company and issue 200,000 common shares of the TSX-V listed public company.

· On or before the first anniversary of the signing of the Definitive Agreement pay \$100,000 to our company and issue 100,000 common shares of the Optionee/TSX-V listed public company.

· On or before the second anniversary of the signing of the definitive agreement pay \$100,000 to our company and issue 100,000 common shares of the Optionee/TSX-V listed public company.

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The Optionee must make qualified exploration or development expenditures on the property of \$200,000 before the first anniversary, an additional \$300,000 before the second anniversary, an additional \$600,000 prior to the third anniversary, and make all payments and perform all other acts to maintain the Property in good standing before fully earning their 80% interest. Additionally, terms will be negotiated for the Optionee to purchase our 20% interest in the property for \$1,000,000, at which point our interest would revert to a 2 1/2% Net Smelter Royalty (NSR). The Optionee may then elect at any time to purchase one half of our NSR for \$1,000,000.

On April 7, 2016, 1032701 B.C. Ltd. was acquired by Menika Mining Ltd., which subsequently changed its name to American Lithium Corp.(TSXV: LI) In connection with the acquisition of 1032701 and in accordance with the Exploration Earn-In Agreement, 200,000 common shares were issued to our company. In addition, we received payment of \$130,000. In March of 2017 American Lithium Corp. issued 100,000 common shares and paid the company \$100,000 to satisfy their option commitment. In March of 2018 issued 10,000 common shares (as they had recently rolled their stock back on a 1 for 10 basis), and paid the company \$100,000. In addition it was agreed that Lithium Corporation would extend the deadline for the year two exploration expenditure until September 30th 2018 for consideration of a further 80,000 shares.

American Lithium Corporation conducted confirmation shallow brine sampling on the property, and drilled two exploratory wells off the playa area in 2016. It is uncertain what their exploration plans are for 2018.

San Emidio Property

The San Emidio property, located in Washoe County in northwestern Nevada, was acquired through the staking of claims in September 2011. The twenty, 80-acre, Association Placer claims currently held here cover an area of approximately 1,600 acres (640 hectares). Ten claims in the southern portions of the original claim block that was staked in 2011 were allowed to lapse on September 1, 2012, and a further ten claims were then staked and recorded. These new claims are north of and contiguous to the surviving claims from our earlier block. The property is approximately 65 miles north-northeast of Reno, Nevada, and has excellent infrastructure.

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

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

Most recently we drilled this prospect in late October 2012, further testing the area of the property in the vicinity where prior exploration by our company discovered elevated lithium levels in subsurface brines. During the 2012 program a total of 856 feet (260.89 meters) was drilled at 8 discrete sites. The deepest hole was 160 feet (48.76 meters), and the shallowest hole that produced brine was 90 feet (27.43 meters). The average depth of the seven hole program was 107 feet (32.61 meters). The program better defined a lithium-in-brine anomaly that was discovered in early 2012. This anomaly is approximately 0.6 miles (370 meters) wide at its widest point by more than 2 miles (3 kilometers) long. The peak value seen within the anomaly is 23.7 mg/l lithium, which is 10 to 20 times background levels outside the anomaly. Our company believes that, much like Fish Lake Valley, the playa at San Emidio may be

conducive to the formation of a “Silver Peak” style lithium brine deposit, and the recent drilling indicates that the anomaly occurs at or near the intersection of several faults that may have provided the structural setting necessary for the formation of a lithium-in-brine deposit at depth.

We have signed an Exploration Earn-In Agreement with 1067323 B.C. Ltd. with respect to our San Emidio property.

1067323 B.C. Ltd., may acquire an initial 80% undivided interest in the San Emidio property through the payment of an aggregate of US\$100,000 in cash, completing a Going Public Transaction and subject to the completion of the Going Public Transaction, arranging for the issuance of a total of 300,000 common shares in the capital of the Resulting Issuer as follows:

Within 30 days of the Effective Date pay \$100,000 to our company and issue 100,000 common shares of the TSX-V listed public company.

On or before the first anniversary of the signing of the Definitive Agreement issue 100,000 common shares of the Optionee/TSX-V listed public company.

On or before the second anniversary of the signing of the definitive agreement issue 100,000 common shares of the Optionee/TSX-V listed public company.

The Optionee must make qualified exploration or development expenditures on the property of \$100,000 before the first anniversary, an additional \$200,000 before the second anniversary, an additional \$300,000 prior to the third anniversary, and make all payments and perform all other acts to maintain the Property in good standing before fully earning their 80% interest. Additionally, Optionee has the right to purchase our 20% interest in the property for \$1,000,000, at which point the our interest would revert to a 2 1/2% Net Smelter Royalty (NSR). The Optionee may then elect at any time to purchase one half of our NSR for \$1,000,000.

On May 24, 2016, 1067323 B.C. Ltd. was acquired by American Lithium Corp.(TSXV: LI) In connection with the acquisition of 1067323 and in accordance with the Exploration Earn-In Agreement, 100,000 common shares were issued to our company. In addition, we received payment of \$100,000. To date the Company has received 200,000 shares of American Lithium.

American Lithium Corp has not conducted any appreciable exploration work on this prospect, and the Company waived the \$100,000 exploration expenditure provision for Year 1 of the option agreement. The Company is currently awaiting word from American Lithium as to whether they will continue on with the option thru the payment of \$200,000 in lieu of year two exploration expenditures.

BC Sugar Flake Graphite Property

On June 6, 2013, we entered into a mining claim sale agreement with Herb Hyder wherein Mr. Hyder agreed to sell to our company a 50.829 acre (20.57 hectare) claim located in the Cherryville area of British Columbia. As consideration for the purchase of the property, we issued 250,000 shares of our company's common stock to Mr. Hyder. In addition to the acquired claim, our company staked or acquired another 13 claims at various times over the subsequent months, to bring the total area held under tenure to approximately 19,816 acres (8,020 hectares). The flake graphite mineralization of interest here is hosted predominately in graphitic quartz/biotite, and lesser graphitic calc-silicate gneisses. The rocks in the general area of the BC Sugar prospect are similar to the host rocks in the area of the Crystal Graphite deposit 55 miles (90 kms) to the southeast. Over the past three years the claim block here has been strategically decreased, and the Company currently holds one tenure encompassing 1422 acres (575.67 hectares).

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

We received final assays from the October 2013 prospecting and geological program at the BC Sugar property in December of 2013. That work increased the area known to be underlain by graphitic bearing gneisses, and further evaluations were made in the area of the Sugar Lake, Weather Station, and Taylor Creek showings. In the general

vicinity of the Weather Station showing, a further 13 samples were taken, and hand trenching was performed at one of several outcrops in the area. In the trench a 5.2 meter interval returned an average of 3.14% graphitic carbon, all in an oxidized relatively friable gneissic host rock. Additionally a hydrothermal or vein type mineralized graphitic quartz boulder was discovered in the area which graded up to 4.19% graphitic carbon. The source of this boulder was not discovered during this program, but it is felt to be close to its point of origin. Samples representative of the mineralization encountered here were taken for petrographic study, which was received in late 2013. A brief assessment work program was performed in September 2014 to ensure all claims in the package were in good standing prior to the anticipated sale of this asset to Pathion. Recommendations were made by the consulting geologist who wrote the assessment report with respect to trenching, and eventually drilling the Weather Station showing. Our company submitted a Notice of Work to the BC Government in early May 2015 to enable our company to conduct a program of excavator trenching, sampling and geological mapping on the Weather Station showing. In May of 2015 we signed an agreement with KLM Geosciences LLC of Las Vegas to conduct a short Ground Penetrating Radar (GPR) survey on the property in the Weather Station – Taylor Creek areas. The GPR survey as well as a GEM-2 electromagnetic (EM) survey took place in approximately mid-May 2015. The GPR survey did not provide useful data because of the moisture saturation in the shallow subsurface. The EM survey successfully generated an anomaly over known mineralization as well as extended the anomaly to the west under an area of cover consisting of glacial/fluvial till. Lithium Corporation is pleased with the results of the EM survey and has modified our work plans to include additional work that builds on the results of this survey.

In August of 2015 our Notice of Work for trenching was approved by the BC Government and in October we commenced work. A trench of 265.76 feet (81 meters) was excavated and graphitic gneiss was mapped and sampled. In all 23 samples were taken over the 69 meters of exposed mineralization that could be safely sampled. Trench depths varied from 1.2 meters in areas of semi-consolidated rock to 4.8 meters in areas of mainly decomposed material. There was an approximately 12 meter section of the trench of sand, and fluvial till in an ancient stream bed where the excavator could not reach the graphitic material that is inferred to exist at depths greater than 5 meters. Also there was a 4 meter section at depths from 4.8 to 5 meters where graphite mineralization could be seen at depth, but could not be safely sampled.

The entire 69 meter interval that was sampled averaged 1.997% graphitic carbon, and mineralization remains open in all directions. Within that interval there was a 30 meter section that averaged 2.73% graphitic carbon, and within that interval there was a 12 meter section that averaged 2.99% graphitic carbon. The best mineralization, and most friable material is proximal to the aforementioned abandoned creek channel, and it appears that proximity to this feature gave rise to the deep weathering profile encountered here. Determining the tenor, and extent of the friable material were the two major objectives of this program as this material, which is very similar to that mined at Eagle Graphite's operation is very easy/economical to be mined and processed, and typically contains the highest percentages of graphite over consistent widths.

The company revised its trenching permit in 2017 and is intending to conduct a program of up to 14 mechanized test pits in spring 2018. This work was to be done in 2017, but was deferred due to the critical forest fire season. The work will range in an area from 1 to 1.5 kilometers to the east of the Weather Station Zone in a zone of numerous discrete FDEM conductors detected during the 2015 geophysical survey. The Company has extracted a mini bulk sample for metallurgical purposes, and has contracted with SGS Lakefield to conduct "bench tests" on the sample.

The Hughes Claims

Effective April 23, 2014, we entered into an operating agreement with All American Resources, L.L.C and TY & Sons Investments Inc. with respect to Summa, LLC, a Nevada limited liability company incorporated on December 12, 2013, wherein we hold a 25% membership in a number of patented mining claims that spring from the once vast holdings of Howard Hughes. Our company's capital contribution paid to Summa, LLC was \$125,000, of which \$100,000 was in cash and the balance in services.

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

The Hughes lands are situated in six discrete prospect areas in Nevada, the most notable of which being the Tonopah block in Nye County where Summa holds 56 claims that cover approximately 770 acres in the heart of the historic mining camp where over 1.8 million ounces of gold and 174 million ounces of silver were produced predominately in the early 1900's. The Hughes claims include a number of the prolific past producers in Tonopah, such as the Belmont, the Desert Queen, and the Midway mines. In addition there are also claims in the area of the past producing Klondyke East mining district, which is to the south of Tonopah, and at the town of Belmont (not to be confused with the Belmont claim in Tonopah), Nevada, another notable silver producer from the 1800's, which is roughly 40 miles to the northeast of Tonopah.

Recently research has been conducted on the Hughes properties, focusing on the Tonopah area where reporting in the 1980's, indicate that over 2.175 million tons of mine dumps and mill tailings exist at surface on Summa's properties

that contain in the order of 3.453 million ounces of silver, and 28,500 ounces of gold. In addition to this easily extractable surficial resource, other reports indicate that 300 - 500,000 tons of mineralized material is expected to remain at depth in old workings on Summa's properties, which is believed to contain an average 20 ounces silver and 0.02 ounces gold per ton. Also several partially tested exploration targets have been identified on Summa's Tonopah claims, where further work could potentially lead to a marked increase in known underground resources.

West Kirkland Mining has been working on the development of their 75% owned project in Tonopah, most recently drilling to increase the resource at the Three Hills gold/silver deposit where they intend to kick-off their mining efforts in the future. To that end they have bought an additional six patented mining claims here recently, and have also negotiated an agreement to procure rights for the water that they will need for processing. Presently the reserve at their Hasbrouck/Three Hills/Hill of Gold project stands at 45.3 million tons containing 762,000 ounces gold, and 10.6 million ounces Silver. Coeur Mines and partner Idaho North Resources drilled in the Klondyke area to the south of Tonopah (the same area where Summa holds several patented mining claims that arise from the Hughes acquisition), and are set to begin drilling in Tonopah on a prospect they have optioned adjacent and to the west of Summa's holdings.

The ongoing litigation with respect to Summa's Tonopah holdings had precluded investing time or money into the property, however Summa recently won a "quiet title" case in the Fifth Judicial Court in Tonopah, which determined that Summa's title is superior to all other claimants. We are actively seeking expressions of interest from bona fide mining or exploration companies presently.

We are currently pursuing other properties which are believed to be prospective for hosting lithium, graphite, Tantalum-Niobium and Rare Earth Element mineralization, as well as evaluating opportunities brought to our company by third parties.

Additionally our company is ramping up its generative program exploring for new deposits of next generation battery related materials.

Results of Operations

Three Months Ended March 30, 2018 Compared to the Three Months Ended March 30, 2017

We had a net loss of \$86,704 for the three month period ended March 31, 2018, which was \$28,873 greater than the net loss of \$57,831 for the three month period ended March 31, 2017. The change in our results over the two periods is primarily the result of an increase in the value investor relations fees and exploration expenditures.

The following table summarizes key items of comparison and their related increase (decrease) for the three month periods ended March 31, 2018 and 2017:

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	Change Between Three Month Period Ended March 31, 2018 and March 31, 2017
Professional fees	\$9,971	\$9,268	\$ 703
Exploration expenses	3,094	390	2,074
Consulting fees	30,000	32,809	(2,809)
Insurance expense	4,495	4,225	270

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Investor relations	28,042	5,249	22,793
Transfer agent and filing fees	2,319	1,361	958
Travel	4,172	6,152	(1,980)
General and administrative	490	2,945	(2,455)
Other loss (income)	4,121	(4,568)	8,689
Net loss	\$86,704	\$57,831	\$ 28,873

Revenue

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

Liquidity and Capital Resources

Our balance sheet as of March 31, 2018 reflects current assets of \$526,112. We had cash in the amount of \$487,190 and a working capital deficiency in the amount of \$91,771 as of March 31, 2018. We do not have sufficient working capital to enable us to carry out our stated plan of operation for the next twelve months.

Working Capital

	At March 31, 2018	At December 31, 2017
Current assets	\$526,112	\$400,914
Current liabilities	617,883	526,031
Working capital	\$(91,771)	\$(125,117)

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

Cash Flows

	Three Months Ended March 30,	
	2018	2017
Net cash (used in) operating activities	\$(58,952)	\$(101,175)
Net cash provided by investing activities	100,000	123,335
Net cash provided by financing activities	120,050	183,800
Net u in cash during period	\$161,098	\$205,960

Operating Activities

Net cash used in operating activities during the three months ended March 31, 2018 was \$58,952, a decrease of \$42,335 from the \$101,175 net cash outflow during the nine months ended March 31, 2018.

Investing Activities

Cash provided by investing activities during the three months ended March 31, 2018 was \$100,000, which was a \$23,335 decrease from the \$123,335 cash provided by investing activities during the nine months ended March 31, 2017.

Financing Activities

Cash from financing activities during the three months ended March 31, 2018 was \$120,050 as compared to \$123,335 in cash provided by financing activities during the nine months ended March 31, 2017.

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

Estimated Net Expenditures During The Next Twelve Months

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

To date we have relied on proceeds from the sale of our shares in order to sustain our basic, minimum operating expenses; however, we cannot guarantee that we will secure any further sales of our shares or that our sole officer and director will provide us with any future loans. We estimate that the cost of maintaining basic corporate operations (which includes the cost of satisfying our public reporting obligations) will be approximately \$2,000 per month. Due to our current cash position of approximately \$487,190 as of March 31, 2018, we estimate that we have sufficient cash to sustain our basic operations for the next twelve months.

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

Future Financings

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

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

Off-Balance Sheet Arrangements

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

Critical Accounting Policies

Exploration Stage Company

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

Accounting Basis

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

Cash and Cash Equivalents

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

Concentrations of Credit Risk

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

equivalents.

Use of Estimates

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

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Revenue Recognition

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

Loss per Share

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

Income Taxes

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

Financial Instruments

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

Mineral Properties

Costs of exploration, carrying and retaining unproven mineral lease properties are expensed as incurred. Mineral property acquisition costs are capitalized including licenses and lease payments. Although our company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee our company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects. Impairment losses are recorded on mineral properties used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Impairment of \$0 and \$0 was recorded during the periods ended September 30, 2017 and 2016, respectively.

Recent Accounting Pronouncements

In January 2016, the Financial Accounting Standards Board ("FASB"), issued Accounting Standards Update ("ASU") 2016-01, "Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities," which amends the guidance in U.S. generally accepted accounting principles on the classification and measurement of financial instruments. Changes to the current guidance primarily affect the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the ASU clarifies guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The new standard is effective for fiscal years and interim periods beginning after December 15, 2017, and are to be

adopted by means of a cumulative-effect adjustment to the balance sheet at the beginning of the first reporting period in which the guidance is effective. Early adoption is not permitted except for the provision to record fair value changes for financial liabilities under the fair value option resulting from instrument-specific credit risk in other comprehensive income. Our company is currently evaluating the impact of adopting this standard.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Item 4. Controls and Procedures

Management’s Report on Disclosure Controls and Procedures

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

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

Changes in Internal Control Over Financial Reporting

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

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

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

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

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On February 6, 2017 Chief Judge Gloria M. Navarro of the United States District Court, District of Nevada dismissed with prejudice the Federal case against Lithium Corporation and the other defendants. In August 2017, a federal judge awarded Summa fees for the dismissal of this nuisance case, and on October 5, 2017, Summa's lawyers received a check on behalf of Summa for \$2,016.

On March 8, 2017 in the Fifth Judicial District Court of Nevada, Judge Wanker dismissed the appeal stemming from the May 3, 2016 decision, and upheld the defendant's right to costs, and pending submittal of additional costs for council to attend that hearing will make a written final ruling shortly with respect to costs, and the Anti-Slapp sanctions.

On March 13th 2018 Summa was victorious in a “Quiet Title” ruling set out in the Fifth Judicial District Court where Judge Wanker ruled that Summa’s claim to title in the contested claims is superior to that of any other entity that has come forward with a claim to date.

Our company has always been of the opinion that these actions were baseless and without merit, and we intend to continue to vigorously defend our position as need be.

Item 1A. Risk Factors

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

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

On July 31, 2017 we issued 1,900,000 common shares to a third party investor at \$0.05 per share for an aggregate purchase price of \$95,000 . We issued these securities to an accredited investor without general solicitation pursuant to the exemption from registration provided for under Rule 506 of Regulation D, promulgated under the United States Securities Act of 1933, as amended.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description
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(3)	Articles of Incorporation and Bylaws
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3.1	Articles of Incorporation (Incorporated by reference to our Registration Statement on Form SB-2 filed on December 21, 2007)
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3.2	Bylaws (Incorporated by reference to our Registration Statement on Form SB-2 filed on December 21, 2007)
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3.3	Articles of Merger (Incorporated by reference to our Current Report on Form 8-K filed on October 2, 2009)
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3.4	Certificate of Change (Incorporated by reference to our Current Report on Form 8-K filed on October 2, 2009)
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(4)	Instruments Defining the Rights of Security Holders, Including Indentures
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4.1 2009 Stock Option Plan (Incorporated by reference to our Current Report on Form 8-K filed on December 30, 2009)

(10) Material Contracts

10.1 Lease Purchase Agreement dated June 1, 2009 between Nevada Lithium Corporation, Nevada Mining Co., Inc., Robert Craig, Barbara Craig and Elizabeth Dickman. (Incorporated by reference to our Current Report on Form 8-K filed on October 26, 2009)

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

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

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101.LAB XBRL Taxonomy Extension Label Linkbase Document

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

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SIGNATURES

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

LITHIUM
CORPORATION
(Registrant)

Dated: May 15, 2018 /s/ Tom Lewis
Tom Lewis
President,
Treasurer,
Secretary and
Director
(Principal
Executive Officer,
Principal
Financial Officer
and Principal
Accounting
Officer)