

Ultra Lithium Inc.

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

THREE AND SIX MONTHS ENDED APRIL 30, 2013 AND 2012

(Expressed in Canadian Dollars)

Ultra Lithium Inc.

(the “Company”)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and six months ended April 30, 2013 and 2012

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The management of Ultra Lithium Inc. is responsible for the preparation of the accompanying unaudited condensed interim consolidated financial statements. The unaudited condensed interim consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed interim consolidated financial statements and are in accordance with IAS 34 - Interim Financial Reporting.

The Company's auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

June 27, 2013

Ultra Lithium Inc.

Condensed Interim Consolidated Statements of Financial Position (Unaudited)
(Expressed in Canadian Dollars)

	April 30, 2013	October 31, 2012
	\$	\$
Assets		
Current assets:		
Cash and cash equivalents	3,848,035	205,074
Amounts receivable	26,219	22,739
Marketable securities (Note 3)	13,750	-
Prepaid expenses and deposits (Note 7)	5,709	5,283
	<u>3,893,713</u>	<u>233,096</u>
Equipment (Note 4)	64,692	42,788
Exploration and evaluation assets (Note 5)	1,430,032	970,660
	<u>5,388,437</u>	<u>1,246,544</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade payables and accrued liabilities (Note 7)	72,012	51,025
Shareholders' equity:		
Share capital (Note 6)	8,698,853	4,410,940
Reserves (Note 6)	667,653	405,500
Deficit	(4,050,081)	(3,620,921)
	<u>5,316,425</u>	<u>1,195,519</u>
	<u>5,388,437</u>	<u>1,246,544</u>

Nature of operations (Note 1)
Commitments (Notes 5 and 8)
Subsequent event (Note 5(c))

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

Ultra Lithium Inc.

Condensed Interim Consolidated Statements of Comprehensive Loss (Unaudited)
(Expressed in Canadian Dollars)

	Three months ended April 30,		Six months ended April 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
Expenses:				
Consulting fees	117,545	26,965	135,531	58,590
Depreciation	2,651	93	2,895	186
Management fees (Note 7)	24,500	15,000	43,250	30,000
Office, rent and administration (Note 7)	44,483	22,588	87,136	48,503
Professional fees (Note 7)	7,751	8,627	8,274	11,947
Share-based payments (Note 6)	183,333	(56)	192,253	4,077
Stock exchange and filing fees	7,699	9,040	9,612	9,372
Transfer agent fees	1,206	1,157	2,203	2,226
Travel and promotion	32,449	46,282	73,397	60,460
Loss before other items	(421,617)	(129,696)	(554,551)	(225,361)
Other items:				
Interest income	3,125	-	3,125	81
Finance and other costs	(1,750)	(606)	(2,217)	(1,207)
Foreign exchange gain (loss)	(5,048)	(13,648)	14,019	(21,537)
Recovery of exploration and evaluation assets (Note 5(a))	66,250	-	66,250	-
	62,577	(14,254)	81,177	(22,663)
Net loss for the period	(359,040)	(143,950)	(473,374)	(248,024)
Other comprehensive income (loss):				
Foreign currency translation differences for foreign operations	7	12,377	(2,595)	17,307
Change in fair value of available- for-sale financial assets	(2,500)	2,000	(2,500)	(12,000)
Comprehensive loss for the period	(361,533)	(129,573)	(478,469)	(242,717)
Loss per common share - basic and diluted	-	-	-	-
Weighted average number of common shares outstanding - basic and diluted	145,403,595	94,562,505	130,394,842	94,562,505

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

Ultra Lithium Inc.

Condensed Interim Consolidated Statements of Changes in Equity (Unaudited)
(Expressed in Canadian Dollars)

	Notes	Share Capital		Reserves					Deficit	Total shareholder's equity	
		Common shares	Amount	Stock options	Warrants	Foreign currency translation	Obligation to issue shares	Fair value			Total
		#	\$	\$	\$	\$	\$	\$			\$
Balance, October 31, 2011		94,562,505	3,283,856	402,443	196,642	(9,623)	975	(9,625)	580,812	(3,012,444)	852,224
Comprehensive loss for the period		-	-	-	-	17,307	-	(12,000)	5,307	(248,024)	(242,717)
Modification to warrants	6	-	(31,757)	-	31,757	-	-	-	31,757	-	-
Forfeited options		-	-	(23,836)	-	-	-	-	(23,836)	23,836	-
Share-based payments		-	-	4,077	-	-	-	-	4,077	-	4,077
Balance, April 30, 2012		94,562,505	3,252,099	382,684	228,399	7,684	975	(21,625)	598,117	(3,236,632)	613,584
Comprehensive loss for the period		-	-	-	-	(10,758)	-	21,625	10,867	(393,020)	(382,153)
Private placements	6	20,000,000	1,000,000	-	-	-	-	-	-	-	1,000,000
Share issuance costs	6	-	(81,698)	-	-	-	-	-	-	-	(81,698)
Agent's finder's fees	6	1,200,000	42,000	-	-	-	-	-	-	-	42,000
Shares issued for exploration and evaluation assets	5	110,000	4,975	-	-	-	(975)	-	(975)	-	4,000
Forfeited options	6	-	-	(8,731)	-	-	-	-	(8,731)	8,731	-
Expired warrants	6	-	193,564	-	(193,564)	-	-	-	(193,564)	-	-
Share-based payments		-	-	(214)	-	-	-	-	(214)	-	(214)
Balance, October 31, 2012		115,872,505	4,410,940	373,739	34,835	(3,074)	-	-	405,500	(3,620,921)	1,195,519
Comprehensive loss for the period		-	-	-	-	(2,595)	-	(2,500)	(5,095)	(473,374)	(478,469)
Private placements	6	90,000,000	4,500,000	-	-	-	-	-	-	-	4,500,000
Share issuance costs	6	-	(464,128)	-	-	-	-	-	-	-	(464,128)
Agent's finder's fees	6	6,750,000	371,250	-	-	-	-	-	-	-	371,250
Modification to warrants	6	-	(122,287)	-	122,287	-	-	-	122,287	-	-
Forfeited options	6	-	-	(44,214)	-	-	-	-	(44,214)	44,214	-
Expired warrants	6	-	3,078	-	(3,078)	-	-	-	(3,078)	-	-
Share-based payments		-	-	192,253	-	-	-	-	192,253	-	192,253
Balance, April 30, 2013		212,622,505	8,698,853	521,778	154,044	(5,669)	-	(2,500)	667,653	(4,050,081)	5,316,425

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

Ultra Lithium Inc.

Condensed Interim Consolidated Statements of Cash Flows (Unaudited)
(Expressed in Canadian Dollars)

	Six months ended April 30,	
	2013	2012
	\$	\$
Operations:		
Net loss for the period	(473,374)	(248,024)
Items not involving cash:		
Depreciation	2,895	186
Share-based payments	192,253	4,077
Recovery of exploration and evaluation assets	(66,250)	-
Changes in non-cash working capital items:		
Amounts receivable	(3,480)	(6,212)
Prepaid expenses, deposits and advances	(426)	(837)
Trade payables and accrued liabilities	27,227	(15,048)
	(321,155)	(265,858)
Financing:		
Share issued for cash	4,500,000	-
Share issuance costs	(92,878)	-
	4,407,122	-
Investing:		
Purchase of equipment	(28,890)	-
Exploration and evaluation assets	(445,671)	(60,801)
Property option payment received	50,000	25,000
	(424,561)	(35,801)
Effect of foreign exchange on cash flows	(18,445)	17,307
Increase (decrease) in cash and cash equivalents	3,642,961	(284,352)
Cash and cash equivalents, beginning of period	205,074	359,289
Cash and cash equivalents, end of period	3,848,035	74,937
Supplementary information:		
Marketable securities received for exploration and evaluation assets (Note 5)	16,250	36,000
Exploration and evaluation asset expenditures in trade payables and accrued liabilities	860	3,783
Depreciation in exploration and evaluation assets	6,134	-
Forfeited warrants and options	47,292	-
Warrants modification	122,287	31,757
Cash and cash equivalents consist of:		
Cash	348,035	74,937
Guaranteed investment certificates	3,500,000	-

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

Ultra Lithium Inc.

Notes to Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

Three and Six Months Ended April 30, 2013 and 2012
(Unaudited)

NOTE 1 – NATURE OF OPERATIONS

Ultra Lithium Inc. (the “Company”) was incorporated on November 27, 2004 under the Business Corporations Act of British Columbia and is engaged in the acquisition, exploration and development of exploration and evaluation assets. The Company’s common shares are listed for trading on Tier 2 of the TSX Venture Exchange (the “Exchange”) under the symbol “ULI”.

The head office and principal address of the Company are located at Suite 507 – 700 West Pender Street, Vancouver, BC, Canada, V6C 1G8. The Company’s records office and registered office address is located at Suite 1780 - 400 Burrard Street, Vancouver, British Columbia, Canada, V6C 3A6.

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The Company’s ability to continue as a going concern and the recoverability of the amounts shown for exploration and evaluation assets are dependent upon the ability of the Company to raise additional financing in order to complete the acquisition, exploration and development of its resource properties, the discovery of economically recoverable reserves and upon future profitable production or proceeds from disposition of the Company’s exploration and evaluation assets. As a resource company in the exploration stage, the ability of the Company to complete its acquisition, exploration and development will be affected principally by its ability to raise adequate amounts of capital through equity financings, debt financings, joint venturing of projects and other means.

These consolidated financial statements have been prepared on a basis of accounting principles applicable to a going concern which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company has a history of losses with no operating revenue other than interest income and had working capital at April 30, 2013 of \$3,821,701 (October 31, 2012 – \$182,071) and accumulated deficit of \$4,050,081. Management expects that it has sufficient liquidity to meet its obligations for the next twelve months.

These consolidated financial statements do not reflect any adjustments, which could be material, to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards 34, “Interim Financial Reporting” (“IAS 34”), using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies and methods of computation applied by the Company in these condensed interim consolidated financial statements are the same as those applied in the Company’s annual financial statements as at and for the year ended October 31, 2012.

The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended October 31, 2012.

Ultra Lithium Inc.

Notes to Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

Three and Six Months Ended April 30, 2013 and 2012
(Unaudited)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

(a) Basis of presentation (Continued)

These condensed interim financial statements were approved and authorized for issue by the Board of Directors of the Company on June 27, 2013.

(b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Ultra Lithium (USA) Inc. (“ULI USA”), Ultra Balkans D.O.O. Beograd (“ULI Balkans”) and Ultra Dragon Holdings Inc. All intercompany balances and transactions are eliminated on consolidation.

(c) Use of estimates and judgments

The preparation of the Company’s condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the amounts reported and disclosed in the interim consolidated financial statements and related notes. There has been no significant change to the Company’s accounting estimates from those disclosed in note 2 of the audited consolidated financial statements for the year ended October 31, 2012.

NOTE 3 – MARKETABLE SECURITIES

	April 30, 2013			October 31, 2012		
	Market	Cost	Unrealized Loss	Market	Cost	Unrealized Gain
	\$	\$	\$	\$	\$	\$
Common shares in a public company received pursuant to an option agreement, representing less than a 5% ownership interest (Note 5 (a))	13,750	16,250	(2,500)	-	-	-

NOTE 4 –EQUIPMENT

	Computer hardware	Motor Vehicle	Total
	\$	\$	\$
Costs:			
Balance, October 31, 2011	4,895	-	4,895
Additions	2,798	46,730	49,528
Balance, October 31, 2012	7,693	46,730	54,423
Additions	28,890	-	28,890
Foreign exchange	-	2,334	2,334
Balance, April 30, 2013	36,583	49,064	85,647

Ultra Lithium Inc.

Notes to Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

Three and Six Months Ended April 30, 2013 and 2012
(Unaudited)

NOTE 4 –EQUIPMENT (Continued)

	Computer hardware	Motor Vehicle	Total
	\$	\$	\$
Depreciation:			
Balance, October 31, 2011	3,653	-	3,653
Depreciation	792	7,190	7,982
Balance, October 31, 2012	4,445	7,190	11,635
Depreciation	2,895	6,134	9,029
Foreign exchange	-	291	291
Balance, April 30, 2013	7,340	13,615	20,955
Net Book Value:			
October 31, 2012	3,248	39,540	42,788
April 30, 2013	29,243	35,449	64,692

NOTE 5 – EXPLORATION AND EVALUATION ASSETS

	Zigzag Property, Ontario (a)	South Big Smokey Valley, Nevada (b)	Mineral Concessions, Serbia (c)	Total
	\$	\$	\$	\$
Balance, October 31, 2011	3,158	403,699	48,982	455,839
Acquisition and option payments:				
Cash consideration	50,000	-	-	50,000
Common shares	4,000	-	-	4,000
	54,000	-	-	54,000
Exploration:				
Consulting and geological fees	-	-	351,396	351,396
Licenses, permits and claim fees	-	23,956	1,326	25,282
Office, rent and administration	-	-	36,151	36,151
Professional fees	-	1,858	25,632	27,490
Sampling and analysis	-	-	24,730	24,730
Travel and accommodation	-	-	488	488
Wages and contract labor	-	-	60,416	60,416
	-	25,814	500,139	525,953
Less: option payments received	(57,158)	-	-	(57,158)
Foreign exchange	-	1,693	(9,667)	(7,974)
Balance, October 31, 2012	-	431,206	539,454	970,660

Ultra Lithium Inc.

Notes to Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

Three and Six Months Ended April 30, 2013 and 2012
(Unaudited)

NOTE 5 – EXPLORATION AND EVALUATION ASSETS (Continued)

	Zigzag Property, Ontario (a)	South Big Smokey Valley, Nevada (b)	Mineral Concessions, Serbia (c)	Total
	\$	\$	\$	\$
Balance, October 31, 2012	-	431,206	539,454	970,660
Exploration:				
Consulting and geological fees	-	5,228	307,052	312,280
Office, rent and administration	-	-	85,793	85,793
Professional fees	-	-	12,047	12,047
Wages and contract labor	-	-	35,445	35,445
	-	5,228	440,337	445,565
Foreign exchange	-	2,465	11,342	13,807
Balance, April 30, 2013	-	438,899	991,133	1,430,032

(a) Zigzag Property, Ontario

The Company entered into a mineral property acquisition agreement dated August 31, 2009, to acquire a 100% interest in certain claims comprising the Zigzag Property located near Armstrong, Ontario.

On March 3, 2010, the Company entered into a mineral property acquisition agreement with the original vendors and Canadian Orebodies Inc. (“Orebodies”) whereby Orebodies was granted an option to earn an 80% interest in the Zigzag Property and reducing the Company’s option to earning a 20% interest.

During the year ended October 31, 2012, the Company has earned its 20% interest in the Zigzag property by completing its three-year staged cash payments of \$112,000 and issuances of 400,000 common shares of the Company to the original vendors.

During the six months ended April 30, 2013, Orebodies has earned its 80% interest in the Zigzag property by completing its three-year staged cash payments of \$100,000, issuances of 650,000 common shares of Orebodies to the Company and required exploration expenditures of \$350,000.

As the Company and Orebodies have completed the required option payments to earn their respective interests in the Zigzag Property, a joint venture has automatically been created. Each of the Company and Orebodies will be liable for its proportionate share of expenditures based on their interests to carry out further exploration on the Zigzag Property with Orebodies as operator.

Commencing March 5, 2014, the Company and Orebodies will be required to pay a pre-production royalty of \$10,000 per year which will be deductible against future payments upon the commencement of commercial production. The royalty will be payable in cash or in common shares.

Pursuant to an agreement dated August 10, 2009, between the Company and an arm’s length party, the Company paid a finder’s fee of \$14,440 and issued 40,000 common shares at a fair value of \$3,200 related to the original property acquisition agreement.

Ultra Lithium Inc.

Notes to Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

Three and Six Months Ended April 30, 2013 and 2012
(Unaudited)

NOTE 5 – EXPLORATION AND EVALUATION ASSETS (Continued)

(b) South Big Smokey Valley, Nevada

The Company entered into a mineral property acquisition agreement dated February 22, 2010, through its wholly-owned subsidiary, ULI USA, to acquire a 100% interest in certain claims comprising the South Big Smokey Valley Property located in Esmeralda County, Nevada. As consideration, the Company paid \$155,745 (US\$150,000) and issued 1,500,000 common shares at a fair value of \$85,000.

The Company issued an aggregate of 300,000 common shares at a fair value of \$18,000 to arm's length parties as finders' fees related to this acquisition.

(c) Mining Concessions, Serbia

During the year ended October 31, 2011, the Company was granted six mineral exploration licenses ("ELs") in the Republic of Serbia through ULI Balkans. During the year ended October 31, 2012, an additional EL was granted.

An exploration license in the Republic of Serbia is granted for a term of three (3) years with the option to extend twice, each for a further two (2) year term. Requirements for every renewal include completion of at least 75% of the submitted and approved work program and reduction of the area of interest by at least 25%.

At January 31, 2013, the Company holds ELs for the following mineral prospects:

	Expiration date
Trnava	September 12, 2015
Kragujevac	September 12, 2015
Blace	December 31, 2012 ⁽¹⁾
Preljina	June 25, 2015
Ladevci	June 25, 2015
Valjevo	June 20, 2015
Koceljjeva	June 25, 2015

⁽¹⁾ The Company submitted new EL proposals in accordance with the new Serbian laws on mining and geological exploration and anticipates receipt of the new EL in July 2013.

On May 15, 2012, the Company executed a legally binding Framework Agreement (the "Agreement") with Beijing Guofang Mining Investment Co. Ltd. ("BGMI") to jointly explore and develop the Company's seven ELs for its Siberian mineral prospects (collectively the "Balkans Project").

Under the Agreement, BGMI may earn up to a 35% participating interest in ULI Balkans by funding up to \$3,500,000 of approved exploration expenditures (the "Earn-in funds") on the Balkans Project. BGMI will earn a 5% participating interest for each tranche of \$500,000 of the Earn-in funds to a maximum of 35% within a period of 3 years.

If during the 3 year period it is determined that no further exploration expenditures are required on the Balkans Project, any remaining balance of the Earn-in funds, after paying the liabilities of ULI Balkans, will be returned to BGMI and BGMI will retain the participating interest it has earned in Ultra Balkans.

Subsequent to April 30, 2013, the Company has received the initial contribution from BGMI of \$500,000 for a 5% interest in Ultra Balkans.

Ultra Lithium Inc.

Notes to Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

Three and Six Months Ended April 30, 2013 and 2012
(Unaudited)

NOTE 6 – SHARE CAPITAL AND RESERVES

(a) Authorized

Unlimited number of voting common shares without par value.

(b) Issued Share Capital

At April 30, 2013, there were 212,622,505 issued and fully paid common shares (October 31, 2012 – 115,872,505).

(c) Share Issuances

During the six months ended April 30, 2013, the Company closed a non-brokered private placement of 90,000,000 units at a price of \$0.05 per unit for gross proceeds of \$4,500,000. Each unit consisted of one common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share of the Company at an exercise price of \$0.10 per share expiring two years from date of issuance. Share issue costs with respect to the private placement totaled \$464,128 which included cash issue costs of \$25,378 and finders' fees of \$67,500 and 6,750,000 common shares at a fair value of \$371,250.

During the year ended October 31, 2012, the Company closed a non-brokered private placement of 20,000,000 units at a price of \$0.05 per unit for gross proceeds of \$1,000,000. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of \$0.10 per share expiring two years from date of issuance. Share issue costs with respect to the private placement totaled \$81,698 which included cash issue costs of \$19,698 and finders' fees of \$20,000 and 1,200,000 common shares at a fair value of \$42,000.

(d) Warrants

Each whole warrant entitles the holder to purchase one common share of the Company. A summary of the status of the warrants outstanding follows:

	Warrants	Weighted Average
	#	Exercise Price
		\$
Balance, October 31, 2011	14,746,250	0.13
Expired	(3,000,000) ⁽¹⁾	0.20
Issued	20,000,000	0.10
Balance, October 31, 2012	31,746,250	0.11
Issued	45,000,000	0.10
Expired	(56,250) ⁽¹⁾	0.15
Balance, April 30, 2012	76,690,000	0.10

⁽¹⁾ During the year ended October 31, 2012, the fair value of 3,000,000 expired warrants of \$193,564 was reclassified from reserves to share capital.

⁽²⁾ During the six months ended April 30, 2013, the fair value of 56,250 expired warrants of \$3,078 was reclassified from reserves to share capital.

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Notes to Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

Three and Six Months Ended April 30, 2013 and 2012
(Unaudited)

NOTE 6 – SHARE CAPITAL AND RESERVES (Continued)

(d) Warrants (Continued)

Warrants	Exercise Price	Expiry Date
#	\$	
10,000,000	0.10	July 9, 2014
10,000,000	0.10	September 10, 2014
25,000,000	0.10	March 20, 2015
2,000,000 ⁽¹⁾	0.10	April 6, 2015
20,000,000	0.10	April 29, 2015
5,940,000 ⁽²⁾	0.10	November 30, 2015
3,750,000 ⁽³⁾	0.15	February 17, 2016
76,690,000		

⁽¹⁾ During the year ended October 31, 2012, the expiry date of 2,000,000 warrants was extended from April 6, 2012 to April 6, 2015. The Company calculated the incremental increase in the fair value of the warrant extension to be \$31,757 using the Black-Scholes option pricing model using the following weighted average assumptions: expected dividend yield – 0%; expected stock price volatility – 94.06%; risk-free interest rate – 1.28%; expected life – 3 years. The Company recorded the fair value of the modified warrants as a capital transaction, with a charge to share capital and reserve.

⁽²⁾ During the six months ended April 30, 2013, the expiry date of the 5,940,000 warrants was extended from November 30, 2012 to November 30, 2015. The Company calculated the incremental increase in the fair value of the warrant extension to be \$46,109 using the Black-Scholes option pricing model using the following weighted average assumptions: expected dividend yield – 0%; expected stock price volatility – 95.55%; risk-free interest rate – 1.10%; expected life – 3 years. The Company recorded the fair value of the modified warrants as a capital transaction, with a charge to share capital and reserve.

⁽³⁾ During the six months ended April 30, 2013, the expiry date of 3,750,000 was extended from February 17, 2013 to February 17, 2016. The Company calculated the incremental increase in the fair value of the warrant extension to be \$76,178 using the Black-Scholes option pricing model using the following weighted average assumptions: expected dividend yield – 0%; expected stock price volatility – 98.73%; risk-free interest rate – 1.17%; expected life – 3 years. The Company recorded the fair value of the modified warrants as a capital transaction, with a charge to share capital and reserve.

(e) Stock Options

The Company adopted a stock option plan whereby the Company may from time to time in accordance with the Exchange requirements grant to directors, officers, employees and consultants options to purchase common shares of the Company provided that the number of options granted, including all options granted by the Company to date, does not exceed 10% of the Company's common shares issued and outstanding at the time of granting stock options.

Ultra Lithium Inc.

Notes to Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

Three and Six Months Ended April 30, 2013 and 2012
(Unaudited)

NOTE 6 – SHARE CAPITAL AND RESERVES (Continued)

(e) Stock Options (Continued)

A summary of the status of the options outstanding follows:

	Options #	Weighted Average Exercise Price \$
Balance, October 31, 2011	7,051,000	0.10
Granted	250,000	0.10
Forfeited/Expired	(660,000) ⁽¹⁾	0.10
Balance, October 31, 2012	6,641,000	0.10
Granted	11,250,000	0.10
Forfeited/Expired	(971,000) ⁽²⁾	0.10
Balance, April 30, 2013	16,920,000	0.10

⁽¹⁾ During the year ended October 31, 2012, the fair value of 660,000 forfeited options of \$32,567 was reclassified from reserves to deficit.

⁽²⁾ During the six months ended April 30, 2013, the fair value of 971,000 forfeited options of \$44,214 was reclassified from reserves to deficit.

The following table summarizes the options outstanding and exercisable as at April 30, 2013:

Shares #	Exercise Price Per Share \$	Expiry Date	Exercisable #
250,000	0.10	April 24, 2017	187,500
600,000	0.10	November 1, 2017	225,000
10,650,000	0.10	April 19, 2018	2,662,500
660,000	0.10	May 12, 2018	660,000
1,160,000	0.10	February 5, 2019	1,160,000
200,000	0.10	June 3, 2019	200,000
50,000	0.10	August 14, 2019	50,000
300,000	0.10	January 14, 2020	300,000
300,000	0.10	June 23, 2020	300,000
200,000	0.10	September 1, 2020	200,000
720,000	0.10	October 13, 2020	720,000
1,680,000	0.11	January 24, 2021	1,680,000
150,000	0.11	February 14, 2021	150,000
16,920,000			8,495,000

During the six months ended April 30, 2013, under the fair-value-based method, \$192,253 (2012 – \$4,077) in share-based payments was recorded for stock options granted and vested during the period.

The fair value of stock options used to calculate share-based payments has been estimated using the Black-Scholes option pricing model using the following weighted average assumptions:

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NOTE 6 – SHARE CAPITAL AND RESERVES (Continued)

(e) Stock Options (Continued)

	2013	2012
Risk free interest rate	1.06%	1.40%
Expected life of options	4.14 years	3 years
Expected dividend yield	0.0%	0.00%
Expected stock price volatility	107.73%	94.77%

The weighted average fair value of options granted during the six months ended April 30, 2013 was \$0.05 (2012 - \$0.01) per option.

NOTE 7 – RELATED PARTY TRANSACTIONS

(a) Related party transactions

During the six months ended April 30, 2013, the Company incurred the following transactions with a (i) company that is controlled by an officer of the Company and (ii) with a company having officers in common:

	Three months ended April 30,		Six months ended April 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
Legal fees (i)	1,825	6,229	2,075	7,481
Office, rent and administration ⁽¹⁾ (ii)	25,100	20,000	47,700	36,800
	26,925	26,229	49,775	44,281

⁽¹⁾ Of these fees, \$17,600 (three months ended April 30, 2013 - \$9,800) was allocated to the CFO of the Company (Note 7(b)).

The Company recovered expenses from companies having directors and officers in common:

	Three months ended April 30,		Six months ended April 30,	
	2012	2012	2012	2012
	\$	\$	\$	\$
Office, rent and administration	11,100	13,600	22,100	29,200

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NOTE 7 – RELATED PARTY TRANSACTIONS (Continued)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the six months ended April 30, 2013 and 2012 were as follows:

	Three months ended April 30,		Six months ended April 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
Short-term benefits ⁽¹⁾	34,300	22,500	60,850	45,000
Share-based payments ⁽²⁾	47,868	1,135	48,251	2,368
	82,168	23,635	109,101	47,368

⁽¹⁾ Short-term benefits include salaries and management fees paid directly to key management.

⁽²⁾ Share-based payments are the fair value of options granted and vested to key management personnel under the Company's stock option plan (note 6(e)).

(c) Related party balances

The following related party amounts were included in (i) accounts payable and accrued liabilities, and (ii) prepaid expenses and deposits:

	April 30, 2013	October 31, 2012
	\$	\$
An officer and a director of the Company (i)	-	282
A former director of the Company (i)	7,203	7,203
A company having officers in common (ii)	2,000	2,000

NOTE 8 – COMMITMENT

The Company is committed to future minimum annual lease payments with respect to office leases expiring January 31, 2015, as follows:

	\$
2013	75,899
2014	77,431
2015	19,485
	172,815

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NOTE 9 – SEGMENTED INFORMATION

The Company operated in the following geographic segments at April 30, 2013 and October 31, 2012:

April 30, 2013	Canada	United States	Serbia	Total
	\$	\$	\$	\$
Current assets	3,872,944	10,530	10,239	3,893,713
Equipment	29,243	-	35,449	64,692
Exploration and evaluation assets	780,352	326,728	322,952	1,430,032
	4,682,539	337,258	368,640	5,388,437

October 31, 2012	Canada	United States	Serbia	Total
	\$	\$	\$	\$
Current assets	206,127	491	26,477	233,096
Equipment	3,248	-	39,540	42,788
Exploration and evaluation assets	474,930	324,262	171,468	970,660
	684,305	324,753	237,485	1,246,544