

**Ultra Lithium Inc.**

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

**THREE MONTHS ENDED JANUARY 31, 2014 AND 2013**

**(Expressed in Canadian Dollars)**

# **Ultra Lithium Inc.**

**(the “Company”)**

## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**Three months ended January 31, 2014 and 2013**

### **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.

March 25, 2014

# Ultra Lithium Inc.

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

	January 31, 2014	October 31, 2013
	\$	\$
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	1,994,025	2,888,401
Amounts receivable	26,499	24,901
Marketable securities (Note 3)	18,750	18,750
Prepaid expenses and deposits (Note 7)	9,831	11,962
	<u>2,049,105</u>	<u>2,944,014</u>
Equipment (Note 4)	77,519	76,732
Exploration and evaluation assets (Note 5)	3,488,327	2,935,827
	<u>5,614,951</u>	<u>5,956,573</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Trade payables and accrued liabilities (Note 7)	120,286	432,251
Advances payable (Note 5(c))	-	511,586
	<u>120,286</u>	<u>943,837</u>
Shareholders' equity:		
Share capital (Note 6)	8,714,165	8,714,165
Reserves (Note 6)	1,412,780	841,094
Deficit	(4,632,280)	(4,542,523)
	<u>5,494,665</u>	<u>5,012,736</u>
	<u>5,614,951</u>	<u>5,956,573</u>

Nature of operations (Note 1)

Commitments (Notes 5 and 8)

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 January 31,	
	2014	2013
	\$	\$
Expenses:		
Consulting fees	7,277	17,986
Depreciation	228	244
Management fees (Note 7)	36,000	18,750
Office, rent and administration (Note 7)	55,942	42,653
Professional fees (Note 7)	2,483	523
Share-based payments (Note 6)	31,569	8,920
Stock exchange and filing fees	-	1,913
Transfer agent fees	1,207	997
Travel and promotion	20,166	40,948
Loss before other items	(154,872)	(132,934)
Other items:		
Interest income	5,382	-
Finance and other costs	(4,260)	(467)
Foreign exchange gain	63,993	19,067
	65,115	18,600
Net loss for the period	(89,757)	(114,334)
Other comprehensive income (loss):		
Foreign currency translation	32,541	(2,588)
Comprehensive loss for the period	(57,216)	(116,922)
Loss per common share - basic and diluted	-	-
Weighted average number of common shares outstanding - basic and diluted	212,625,505	115,872,505

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	Fair value	Obligation to issue shares			Total
		#	\$	\$	\$	\$	\$	\$	\$	\$	
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		-	-	-	-	(2,588)	-	-	(2,588)	(114,334)	(116,922)
Modification to warrants	6	-	(46,109)	-	46,109	-	-	-	46,109	-	-
Share-based payments		-	-	8,920	-	-	-	-	8,920	-	8,920
Balance, January 31, 2013		115,872,505	4,364,831	382,659	80,944	(5,662)	-	-	457,941	(3,735,255)	1,087,517
Comprehensive loss for the period		-	-	-	-	(5,960)	(12,500)	-	(18,460)	(865,520)	(883,980)
Private placements	6	90,000,000	4,500,000	-	-	-	-	-	-	-	4,500,000
Share issuance costs	6	-	(462,778)	-	-	-	-	-	-	-	(462,778)
Agent's finder's fees	6	6,750,000	371,250	-	-	-	-	-	-	-	371,250
Modification to warrants	6	-	(62,216)	-	62,216	-	-	-	62,216	-	-
Forfeited options	6	-	-	(58,252)	-	-	-	-	(58,252)	58,252	-
Expired warrants	6	-	3,078	-	(3,078)	-	-	-	(3,078)	-	-
Share-based payments		-	-	400,727	-	-	-	-	400,727	-	400,727
Balance, October 31, 2013		212,622,505	8,714,165	725,134	140,082	(11,622)	(12,500)	-	841,094	(4,542,523)	5,012,736
Comprehensive loss for the period		-	-	-	-	32,541	-	-	32,541	(89,757)	(57,216)
Obligation to issue shares	5(c)	-	-	-	-	-	-	507,576	507,576	-	507,576
Share-based payments		-	-	31,569	-	-	-	-	31,569	-	31,569
Balance, January 31, 2014		212,622,505	8,714,165	756,703	140,082	20,919	(12,500)	507,576	1,412,780	(4,632,280)	5,494,665

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)

	Three months ended January 31,	
	2014	2013
	\$	\$
Operations:		
Net loss for the period	(89,757)	(114,334)
Items not involving cash:		
Depreciation	228	244
Share-based payments	31,569	8,920
Changes in non-cash working capital items:		
Amounts receivable	(1,598)	3,027
Prepaid expenses, deposits and advances	2,131	1,909
Trade payables and accrued liabilities	(10,045)	(12,936)
	(67,472)	(113,170)
Financing:		
Repayment of advances payable	(4,010)	-
Investing:		
Purchase of equipment	(5,231)	-
Exploration and evaluation assets	(849,079)	(39,451)
	(854,310)	(39,451)
Effect of foreign exchange on cash flows	31,416	(19,201)
Decrease in cash and cash equivalents	(894,376)	(171,822)
Cash and cash equivalents, beginning of period	2,888,401	205,074
Cash and cash equivalents, end of period	1,994,025	33,252
Supplementary information:		
Exploration and evaluation asset expenditures in trade payables and accrued liabilities	81,498	9,185
Depreciation in exploration and evaluation assets	5,341	3,010
Warrants modification	-	46,109
Cash and cash equivalents consist of:		
Cash	609,025	33,252
Guaranteed investment certificates	1,385,000	-

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 Months Ended January 31, 2014 and 2013  
(Unaudited)

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## 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 700 - 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5.

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 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 material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

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 January 31, 2014 of \$1,928,819 (October 31, 2013 – \$2,000,177) and accumulated deficit of \$4,632,280. 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, 2013.

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, 2013.

# Ultra Lithium Inc.

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

Three Months Ended January 31, 2014 and 2013  
(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 March 25, 2014.

(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. (“Ultra Dragon”). 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, 2013.

## NOTE 3 – MARKETABLE SECURITIES

	January 31, 2014			October 31, 2013		
	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))	18,750	(31,250)	(12,500)	18,750	(31,250)	(12,500)

## NOTE 4 –EQUIPMENT

	Computer hardware	Other equipment	Motor Vehicle	Total
	\$	\$	\$	\$
<b>Costs:</b>				
Balance, October 31, 2012	7,693	-	46,730	54,423
Additions	33,329	19,799	-	53,128
Foreign exchange	159	833	4,218	5,210
Balance, October 31, 2013	41,181	20,632	50,948	112,761
Additions	-	5,231	-	5,231
Foreign exchange	151	911	2,089	3,151
Balance, January 31, 2014	41,332	26,774	53,037	121,143



# Ultra Lithium Inc.

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

Three Months Ended January 31, 2014 and 2013  
(Unaudited)

## NOTE 4 –EQUIPMENT (Continued)

	Computer hardware	Other equipment	Motor Vehicle	Total
	\$	\$	\$	\$
<b>Depreciation:</b>				
Balance, October 31, 2012	4,445	-	7,190	11,635
Depreciation	8,863	1,980	12,435	23,278
Foreign exchange	24	83	1,009	1,116
Balance, October 31, 2013	13,332	2,063	20,634	36,029
Depreciation	3,177	1,076	2,316	6,569
Foreign exchange	27	102	897	1,026
Balance, January 31, 2014	16,536	3,241	23,847	43,624
<b>Net Book Value:</b>				
October 31, 2013	27,849	18,569	30,314	76,732
January 31, 2014	24,796	23,533	29,190	77,519

## NOTE 5 – EXPLORATION AND EVALUATION ASSETS

	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
Acquisition:				
Staking	-	90,701	-	90,701
Exploration:				
Assays	-	-	3,423	3,423
Depreciation	-	-	22,169	22,169
Drilling	-	-	401,233	401,233
Geology and geophysics	-	18,430	891,624	910,054
Licenses, permits, claim fees and taxes	-	101,950	75,179	177,129
Office, rent and administration	-	-	94,952	94,952
Professional fees	-	2,279	38,489	40,768
Travel and accommodation	-	8,029	7,530	15,559
Wages and contract labor	-	-	140,958	140,958
	-	130,688	1,675,557	1,806,245
Foreign exchange	-	18,593	49,628	68,221
Balance, October 31, 2013	-	671,188	2,264,639	2,935,827

# Ultra Lithium Inc.

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

Three Months Ended January 31, 2014 and 2013  
(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, 2013	-	671,188	2,264,639	2,935,827
Exploration:				
Depreciation	-	-	6,341	6,341
Drilling	-	-	230,008	230,008
Geology and geophysics	-	3,600	68,446	72,046
Licenses, permits, claim fees and taxes	-	-	833	833
Office, rent and administration	-	-	85,783	85,783
Professional fees	-	2,872	9,727	12,599
Wages and contract labor	-	-	68,070	68,070
	-	6,472	469,208	475,680
Foreign exchange	-	35,851	40,969	76,820
Balance, January 31, 2014	-	713,511	2,774,816	3,488,327

### (a) Zigzag Property, Ontario

On August 31, 2009, the Company entered into a mineral property acquisition agreement to acquire a 100% interest in certain claims comprising the Zigzag Property located near Armstrong, Ontario. 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 40,000 common shares at a fair value of \$3,200 related to this agreement.

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 year ended October 31, 2013, Orebodies has earned its 80% interest in the Zigzag property by completing its three-year staged payments of \$100,000 (of which \$50,000 was paid during fiscal 2013 and \$25,000 was paid during fiscal 2012) and 650,000 common shares (of which 125,000 common shares at a fair value of \$16,250 were issued during fiscal 2013 and 150,000 common shares at a fair value of \$36,000 were issued during fiscal 2012) of Orebodies to the Company and required exploration expenditures of \$350,000. As of October 31, 2013, Orebodies incurred aggregate exploration expenditures of \$470,675. During the year ended October 31, 2013, the Company reimbursed \$24,135 to Orebodies, which was the Company's 20% share of exploration expenses in excess of the \$350,000 incurred by Orebodies.

Pursuant to an agreement dated September 16, 2013 with Orebodies, the Company sold its remaining 20% interest in the Zigzag property for 500,000 common shares of Orebodies valued at \$15,000.

# Ultra Lithium Inc.

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

Three Months Ended January 31, 2014 and 2013  
(Unaudited)

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## 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.

During the year ended October 31, 2013, the Company staked an additional 300 claims in the South Big Smoky Valley area for \$90,701.

On October 17, 2013, the Company entered into a non-binding letter of intent ("LOI") with CCG Mining (Canada) Inc. ("CCG") related to terms in which CCG will be granted a right to acquire up to a 35% interest in the Claims. Under the LOI, CCG may earn up to a 35% interest in the Claims by funding up to \$2,000,000 of exploration expenditures over a period of three years.

### (c) Mining Concessions, Serbia

The Company holds seven mineral exploration licenses ("ELs") for the following mineral prospects in the Republic of Serbia through ULI Balkans.

	Expiration date
Trnava	September 12, 2015
Kragujevac	September 12, 2015
Blace	April 1, 2016
Preljina	June 25, 2015
Ladevci	June 25, 2015
Valjevo	June 20, 2015
Koceljeva	June 25, 2015

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%.

On May 15, 2012, the Company executed a legally binding Framework Agreement (the "Agreement") with Beijing Zairun Mining Investment Co. Ltd. ("BZMI") (formerly Beijing GuoFang Mining Investment Co. Ltd.) to jointly explore and develop the Company's seven ELs for its Serbian mineral prospects (collectively the "Balkans Project"). The Agreement regulates the establishment of a 65/35 joint venture and mutual relationship with respect to the implementation and funding of the Balkans Project.

# Ultra Lithium Inc.

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

Three Months Ended January 31, 2014 and 2013  
(Unaudited)

## NOTE 5 – EXPLORATION AND EVALUATION ASSETS (Continued)

### (c) Mining Concessions, Serbia (Continued)

Further to the Agreement, on January 3, 2014, the Company, Ultra Balkans and BZMI executed an option agreement, pursuant to which BZMI has been granted an option to acquire up to a 35% of the total share capital of ULI Balkans by funding up to \$3,500,000 of approved exploration expenditures on the Balkans Project. BZMI has the right to acquire a 5% of the total share capital of ULI Balkans for each tranche of \$500,000 invested to a maximum of 35% within a period of three years. As of this date, BZMI has not exercised its option under the agreement.

During the year ended October 31, 2013, the Company received the initial contribution from BZMI of \$511,586 (US\$500,000) and recorded the amount as advances payable. During the three months ended January 31, 2014, the Company repaid \$4,010 to BZMI and reclassified \$507,576 from advances payable to reserves as obligation to issue shares.

## NOTE 6 – SHARE CAPITAL AND RESERVES

### (a) Authorized

Unlimited number of voting common shares without par value.

### (b) Issued Share Capital

At January 31, 2014, there were 212,622,505 issued and fully paid common shares (October 31, 2013 – 212,622,505).

### (c) Share Issuances

During the year ended October 31, 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 \$462,778 which included cash issue costs of \$24,028 and finders' fees of \$67,500 and 6,750,000 common shares at a fair value of \$371,250.

### (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, 2012	31,746,250	0.11
Issued	45,000,000	0.10
Expired	(56,250) <sup>(1)</sup>	0.15
Balance, October 31, 2013 and January 31, 2014	76,690,000	0.10

# Ultra Lithium Inc.

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

Three Months Ended January 31, 2014 and 2013  
(Unaudited)

## NOTE 6 – SHARE CAPITAL AND RESERVES (Continued)

### (d) Warrants (Continued)

- <sup>(1)</sup> During the year ended October 31, 2013, the fair value of 56,250 expired warrants of \$3,078 was reclassified from reserves to share capital.

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	0.10	April 6, 2015
20,000,000	0.10	April 29, 2015
5,940,000 <sup>(1)</sup>	0.10	November 30, 2015
3,750,000 <sup>(2)</sup>	0.15	February 17, 2016
<b>76,690,000</b>		

- <sup>(1)</sup> During the year ended October 31, 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.

- <sup>(2)</sup> During the year ended October 31, 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 \$62,216 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.

A summary of the status of the options outstanding follows:

	Options	Weighted Average Exercise Price
	#	\$
Balance, October 31, 2012	6,641,000	0.10
Granted	11,700,000	0.10
Forfeited/Expired	(1,521,000) <sup>(1)</sup>	0.10
<b>Balance, October 31, 2013 and January 31, 2014</b>	<b>16,820,000</b>	<b>0.10</b>

- <sup>(1)</sup> During the year ended October 31, 2013, the fair value of 1,521,000 forfeited options of \$58,252 was reclassified from reserves to deficit.

# Ultra Lithium Inc.

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

Three Months Ended January 31, 2014 and 2013  
(Unaudited)

## NOTE 6 – SHARE CAPITAL AND RESERVES (Continued)

### (e) Stock Options (Continued)

The following table summarizes the options outstanding and exercisable as at January 31, 2014:

Shares	Exercise Price	Expiry Date	Exercisable
#	Per Share		#
	\$		
600,000	0.10	November 1, 2017	450,000
10,400,000	0.10	April 19, 2018	7,800,000
660,000	0.10	May 12, 2018	660,000
200,000	0.10	May 28, 2018	100,000
250,000	0.10	October 11, 2018	93,750
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
670,000	0.10	October 13, 2020	670,000
1,680,000	0.11	January 24, 2021	1,680,000
150,000	0.11	February 14, 2021	150,000
16,820,000			13,813,750

During the three months ended January 31, 2014, under the fair-value-based method, \$31,569 (2013 – \$8,920) 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:

	2014	2013
Risk free interest rate	-	1.38%
Expected life of options	-	4.82 years
Expected dividend yield	-	0.00%
Expected stock price volatility	-	113.62%

The weighted average fair value of options granted during the three months ended January 31, 2014 was \$Nil (2013 - \$0.03) per option.

# Ultra Lithium Inc.

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

Three Months Ended January 31, 2014 and 2013  
(Unaudited)

## NOTE 7 – RELATED PARTY TRANSACTIONS

### (a) Related party transactions

During the three months ended January 31, 2014, 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:

	2014	2013
	\$	\$
Legal fees (i)	2,036	250
Office, rent and administration <sup>(1)</sup> (ii)	33,800	22,600
	35,836	22,850

<sup>(1)</sup> Of these fees, \$10,500 (three months ended January 31, 2013 - \$10,500) was allocated to the CFO of the Company (Note 7(b)).

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

	2014	2013
	\$	\$
Office, rent and administration	-	11,000

### (b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the three months ended January 31, 2014 and 2013 were as follows:

	2014	2013
	\$	\$
Short-term benefits <sup>(1)</sup>	46,500	29,250
Share-based payments <sup>(2)</sup>	24,193	383
	70,693	29,633

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

<sup>(2)</sup> 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)).

# Ultra Lithium Inc.

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

Three Months Ended January 31, 2014 and 2013  
(Unaudited)

## NOTE 7 – RELATED PARTY TRANSACTIONS (Continued)

### (c) Related party balances

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

	January 31, 2014	October 31, 2013
	\$	\$
An officer and a director of the Company (i)	1,154	1,402
A company controlled by a director of the Company (i)	-	257,900
A former director of the Company (i)	7,203	7,203
A company having officers in common (ii)	2,000	2,000

## NOTE 8 – COMMITMENTS

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

	\$
2014	78,759
2015	19,817
	98,576

## NOTE 9 – SEGMENTED INFORMATION

The Company operated in the following geographic segments at January 31, 2014 and October 31, 2013:

January 31, 2014	Canada	United States	Serbia	Total
	\$	\$	\$	\$
Current assets	1,960,150	366	88,589	2,049,105
Equipment	22,768	-	54,751	77,519
Exploration and evaluation assets	-	713,511	2,774,816	3,488,327
	1,982,918	713,877	2,918,156	5,614,951
October 31, 2013	Canada	United States	Serbia	Total
	\$	\$	\$	\$
Current assets	2,415,043	820	528,151	2,944,014
Equipment	3,037	-	73,695	76,732
Exploration and evaluation assets	-	671,188	2,264,639	2,935,827
	2,418,080	672,008	2,866,485	5,956,573