Ultra Lithium Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended April 30, 2011 and 2010

General

This Management Discussion and Analysis ("MD&A") was prepared on June 27, 2011 and it describes the operating financial results of the Company for the six months ended April 30, 2011. The MD&A should be read in conjunction with interim consolidated financial statements and related notes thereto of the Company as at and for the six months ended April 30, 2011 and 2010 and the audited financial statements and related notes thereto of the Company, as at and for the year ended October 31, 2010 and 2009, which were prepared in accordance with Canadian generally accepted accounting principles. The Company is presently a "Venture Issuer", as defined in NI 51-102.

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Issuer. The Issuer has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise, other than as required by applicable law.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Additional information relating to the Company is available on the SEDAR website at www.sedar.com.

Description of Business

Ultra Lithium Inc. is an exploration stage company engaged in the acquisition, exploration and development of resource properties. As at April 30, 2011, the Company has interests in the following resource properties:

1. South Big Smokey Valley, Nevada

On February 22, 2010, the Company entered into a mineral property acquisition agreement, through its wholly-owned subsidiary, Ultra Lithium (USA) Inc., to acquire a 100% interest in and up to 364 placer claims (7,280 acres) located in the South Big Smokey Valley, Esmeralda County, Nevada. As consideration, the Company paid US$150,000 and issued an aggregate of 1,500,000 common shares to the vendor. In addition, the Company issued an aggregate of 300,000 common shares as finders' fees related to this acquisition.

2. Zigzag Property, Ontario ("Zigzag Property")

On August 31, 2009, the Company entered into a mineral property acquisition agreement ("Original Agreement") to acquire a 100% undivided right, title and interest in and to seven mineral claims in the Zigzag Lake lithium, tantalum, beryllium and gallium property located in the town ship of Crescent Lake, Ontario. The property consists of 129 claim units for a total surface area of 2,064 hectares. As consideration, the Company agreed to pay $112,000, issue 400,000 common shares and incur aggregate exploration expenditures of $226,800 over a period of four years. As at the date of the MD&A, the Company paid $32,000 and issued 200,000 common shares pursuant to Original Agreement and New Agreement.

The Company agreed to pay finder's fees of an aggregate of $14,440 and issue an aggregate of 40,000 common shares of the Company over a period of three years, of which $6,440 was paid and 20,000 common shares were issued as at the date of this MD&A.

On March 3, 2010, the Company entered into an option agreement with Canadian Orebodies Inc. ("Orebodies") and the original vendors ("New Agreement") whereby Orebodies has been granted an option to earn an 80% interest in the Zigzag Property. This agreement supersedes the Original Agreement and reduces the Company's option to earning a 20% interest in the Zigzag Property. The Company shall earn the 20% interest by delivering the remaining consideration of $100,000 ($20,000 paid) and 300,000 common shares (100,000 shares issued) over a period of two years. Orebodies shall earn its 80% interest by delivering to the Company $100,000 ($25,000 received) and 650,000 common shares (375,000 shares received) over a period of three years. In addition, Orebodies is required to incur exploration expenditures of $350,000 on the property over a three year period.

Provided that Orebodies makes all of its required payments, including additional cash payments, share issuances and exploration expenditure commitments to the original vendor of the Zigzag Property, Orebodies may give written notice of acceleration, requiring the Company to satisfy its remaining payments within 30 days of such notice.

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.

3. Berland Property, Alberta

On August 21, 2009, the Company entered into a mineral acquisition agreement to acquire a 100% interest in seven mineral permit applications consisting of two lithium brine projects located near Berland River within west central Alberta. As consideration, the Company paid $50,000 and issued 2,000,000 common shares. The project is subject to a 2% net smelter return royalty, of which, 1% may be acquired by the Company for $1 million.

4. Mineral Concessions, Serbia

Subsequent to April 30, 2011, the Company has been granted two exploration licenses in the Republic of Serbia - through its wholly-owned subsidiary Ultra Balkans doo. - for the Trnava and Kragujevac mineral prospects by the Ministry of Environment, Mining and Spatial Planning. The successful exploration license applications cover an area of approximately 200 square km in total.

The Company will initiate its multidisciplinary exploration program that includes field reconnaissance, mapping, geochemical sampling and geophysical surveys during the last two quarters of this year. The various geophysical methods include gravity, ground-magnetic and magneto-telluric surveys, which will be used to interpret basin geometry and identify potential lithium and boron bearing horizons. Given the anticipated rapid advance of the exploration program and pending favorable results, the Company expects to initiate exploration drilling by Q2 of 2012.

The Trnava mineral prospect covers an area of approximately 100 square km and is located in the central part of Serbia, approximately 120 km south of Belgrade and less than 5 km south-east of the town of Cacak in the Moravica District. Field reconnaissance has started on the Trnava tenement and geochemical assays of a short sampling campaign are expected by the month's end. This mineral prospect is adjacent to Rio Tinto's Janok mineral prospect where a recent drilling exploration program was implemented and is ongoing.

The Trnava mineral prospect will be explored primarily for its lithium and boron potential, as it has several features that warrant further investigation according to Ultra's exploration and target criteria:

- It is part of the NW-SE trending Morava depression (more than 1,000 square km in size) that hosts a promising basin system;

- Favourable lithologies have been identified by past exploration efforts of the Yugoslavian Geological Survey. The geology includes fine-grained, well-layered lacustrine sediments of Tertiary Age along with tuffs/tuffaceous sediments and intrusive rocks of a similar age;

- The basin has an interesting tectonic signature; and

- Gravity lows have been identified during Ultra's desktop studies.

The Kragujevac mineral prospect covers an area of approximately 100 square km and is located approximately 70 km south of Belgrade and less than 10 km north of the town of Kragujevac in the Sumadija District, Central Serbia.

The Republic of Serbia hosts high quality targets for Lithium-Boron mineralization within its Miocene-aged sedimentary basins. Rio Tinto's recent discovery of Jadar Li-B deposit is situated at the western part of the country and production is estimated to commence within 5 years.

Ultra is the 100% owner and operator of the Trnava and Kragujevac Exploration Licenses. The Company, in accordance with its strategy of expansion has applied for additional exploration licenses in the Republic of Serbia.

See the Company's website (www.ultralithium.com) to view the location maps of Trnava and Kragujevac mineral prospects.

The technical information in this section has been prepared in accordance with the Canadian regulatory requirements set out in NI 43-101 and reviewed on behalf of the Company by Mr. Phu Van Bui, P.Geo, an Independent Director, and Qualified Person under NI 43-101.

The Company continues to evaluate projects of merit that would be of benefit to the Company.

Risk Factors

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties. Due to the nature of the Company's business and the present stage of exploration of its resource properties (which are primarily early stage exploration properties with no known resources or reserves that have not been explored by modern methods), the following risk factors, among others, will apply:

Mining Industry is Intensely Competitive: The Company's business will be the acquisition, exploration and development of resource properties. The mining industry is intensely competitive and the Company will compete with other companies that have far greater resources.

Resource Exploration and Development is Generally a Speculative Business: Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. The great majority of exploration projects do not result in the discovery of commercially mineable deposits of ore.

Fluctuation of Metal Prices: Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. Factors beyond the control of the Company may affect the marketability of any substances discovered. The prices of various metals have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any mineral deposit will be such that any of its resource properties could be mined at a profit.

Permits and Licenses: The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

No Assurance of Profitability: The Company has no history of earnings and, due to the nature of its proposed business, there can be no assurance that the Company will ever be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the sale of its common shares or, possibly, the sale or optioning of a portion of its interest in its resource properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of its properties, there can be no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

Uninsured or Uninsurable Risks: The Company may become subject to liability for pollution or hazards against which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

Government Regulation: Any exploration, development or mining operations carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In addition, the profitability of any mining prospect is affected by the market for precious and/or base metals which is influenced by many factors including changing production costs, the supply and demand for metals, the rate of inflation, the inventory of metal producing corporations, the political environment and changes in international investment patterns.

Environmental Matters: Existing and possible future environmental legislation, regulations and actions could cause significant expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted and which may well be beyond the capacity of the Company to fund. The Company's right to exploit any mining properties will be subject to various reporting requirements and to obtaining certain government approvals and there can be no assurance that such approvals, including environment approvals, will be obtained without inordinate delay or at all.

Insufficient Financial Resources: The Company does not presently have sufficient financial resources to undertake by itself the exploration and development of all of its planned exploration and development programs. The development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing or other means. There can be no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties. In particular, failure by the Company to raise the funding necessary to maintain in good standing its various option agreements could result in the loss of its rights to such properties.

Dependence Upon Others and Key Personnel: The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability to design and carry out appropriate exploration programs on its resource properties; (ii) the ability to produce minerals from any resource deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the properties held by the Company. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company and its consultants and employees. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities. This is especially true as the competition for qualified geological, technical and mining personnel and consultants is particularly intense in the current marketplace.

Price Fluctuations and Share Price Volatility: In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual and extreme fluctuations in price will not occur.

Surface Rights and Access: Although the Company acquires the rights to some or all of the minerals in the ground subject to the tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights can be costly and time consuming. In areas where there are no existing surface rights holders, this does not usually cause a problem, as there are no impediments to surface access. However, in areas where there are local populations or land owners, it is necessary, as a practical matter, to negotiate surface access. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdictions.

Title: Although the Company has taken steps to verify the title to the resource properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to resource properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples.

Selected Annual Information

See annual management discussion and analysis for the year ended October 31, 2010, which is available at www.sedar.com.

Results of Operations

The following discussion of the financial condition, changes in financial condition and results of operations of the Company for six months ended April 30, 2011 and 2010 should be read in conjunction with the interim consolidated financial statements of the Company and notes thereto as at and for the six months ended April 30, 2011 and 2010.

Three months ended April 30, 2011 and 2010

For the three months ended April 30, 2011, the Company incurred a loss of $193,643 compared to a loss of $124,407 for the same period in 2010. The increase in loss by $69,236 is primarily attributable to increases in stock-based compensation expense of $23,971, general and administrative expenses of $43,867, exchange loss of $1,497 offset by an increase in interest income of $99.

The Company recorded stock-based compensation of $18,813 during the three months ended April 30, 2011 for stock options which vested during the period and for stock options granted to its directors, officers, employees and consultants to purchase 2,050,000 shares at $0.11 per share for a period of ten years expiring January 24, 2021, 150,000 shares at $0.11 per share for a period of ten years expiring February 14, 2021, 261,000 shares $0.11 per share for a period of two years expiring February 14, 2013. During the three months ended April 30, 2010, the Company recorded $(5,158) of stock-based compensation for options which vested during the period and for options granted to a consultant to purchase 300,000 shares at $0.10 per share for a period of ten years expiring January 14, 2020.

Stock-based compensation expenses were charged against operations as follows:

	Three months ended April 30	
	2011 $	2010 $
Consulting	7,124	(5,746)
Management fees	3,106	367
Office, rent and administration	759	221
Professional	7,824	-
	18,813	(5,158)

General and administrative expenses excluding stock-based compensation increased by $43,867 as a result of increases in bank charges and interest of $1,233, office, rent and administration of $4,740, professional fees of $10,068, project evaluation of $37,870, stock exchange and filing fees of $945, transfer agent fees of $918 and travel and promotion of $25,470. The increase was offset by decreases in amortization of $22, consulting fees of $33,155 and management fees of $4,200.

The Company incurred project evaluation costs of $37,870 related to the acquisition of exploration licenses in the Republic of Serbia. No such expenses were incurred during the same period in the prior fiscal year.

Travel and promotion expense increased by $25,470 as a result of fees paid related to a distribution of investment materials and other marketing efforts carried out during the period. No such expenses were incurred during the same period in the prior fiscal year.

Consulting fees decreased by $33,155 due to the fees paid to a various consultants of the Company during the same period in the prior fiscal year for project evaluation. No such expenses were incurred during the three months ended April 30, 2011.

Six months ended April 30, 2011 and 2010

For the six months ended April 30, 2011, the Company incurred a loss of $521,499 compared to a loss of $206,912 for the same period in 2010. The increase in loss by $314,587 is primarily attributable to increases in stock-based compensation expense of $210,866 and general and administrative expenses of $127,510, increase in foreign exchange loss of $1,332 and a decrease in interest income of $34 offset by a gain on sale of marketable securities of $25,155.

The Company recorded stock-based compensation of $206,662 during the six months ended April 30, 2011 for stock options which vested during the period and for stock options granted to its directors, officers, employees and consultants to purchase 2,050,000 shares at $0.11 per share for a period of ten years expiring January 24, 2021, 150,000 shares at $0.11 per share for a period of ten years expiring February 14, 2021, 261,000 shares $0.11 per share for a period of two years expiring February 14, 2013.. During the six months ended April 30, 2010, the Company recorded $(4,204) of stock-based compensation for options which vested during the period and for options granted to a consultant to purchase 300,000 shares at $0.10 per share for a period of ten years expiring January 14, 2020.

Stock-based compensation expenses were charged against operations as follows:

	Six months ended April 30	
	2011	2010
	$	$
Consulting	134,698	(26,640)
Management fees	52,004	18,301
Office, rent and administration	12,136	4,135
Professional	7,824	-
	206,662	(4,204)

General and administrative expenses excluding stock-based compensation increased by $127,510 as a result of increases in bank charges and interest of $1,547, office, rent and administration of $3,946, professional fees of $8,259, project evaluation of $37,870, stock exchange and filing fees of $1,231, transfer agent fees of $1,198 and travel and promotion of $120,191. The increase was offset by decreases in amortization of $43, consulting fees of $38,289 and management fees of $8,400.

The Company incurred project evaluation costs of $37,870 related to the acquisition of mineral prospects exploration licenses in the Republic of Serbia. No such expenses were incurred during the same period in the prior fiscal year.

Travel and promotion expense increased by $120,191 as a result of fees paid related to a distribution of investment materials and other marketing efforts carried out during the period. No such expenses were incurred during the same period in the prior fiscal year.

Consulting fees decreased by $38,289 due to the fees paid to a various consultants of the Company during the same period in the prior fiscal year for project evaluation. No such expenses were incurred during the six months ended April 30, 2011.

Summary of Quarterly Results

Quarter Ended	Revenue ($)	Income /(Loss) ($)	Loss per Share ($)	Total Assets ($)	Term Liabilities ($)	Cash Dividend ($)
April 30, 2011	Nil	(193,643)	-	1,503,836	Nil	Nil
January 31, 2011	Nil	(327,856)	-	1,005,425	Nil	Nil
October 31, 2010	Nil	(105,302)	-	742,468	Nil	Nil
July 31, 2010	Nil	(100,614)	-	764,577	Nil	Nil
April 30, 3010	Nil	(124,407)	-	842,691	Nil	Nil
January 31, 2010	Nil	(82,505)	-	784,809	Nil	Nil
October 31, 2009	Nil	(185,391)	-	856,279	Nil	Nil
July 31, 2009	Nil	(130,092)	-	745,528	Nil	Nil

The following discussion outlines the reasons for some of the variations in the quarterly numbers but, as with most junior mineral exploration companies, the results of operations (including interest income and net losses) are not the main factors in establishing the financial health of the Company. Of far greater significance are the resource properties in which the Company has, or may earn an interest, its working capital and how many shares it has outstanding. The variation seen over such quarters is primarily dependent upon the success of the Company's ongoing property evaluation program and the timing and results of the Company's exploration activities on its then current property, none of which are possible to predict with any accuracy.

There are no general trends regarding the Company's quarterly results, and the Company's business of resource exploration is not seasonal, as it can work on its property on a year-round basis (funding permitting). Quarterly results may vary significantly depending mainly on whether the Company has granted any stock options and this factor which account for material variations in the Company's quarterly net income (losses) is not predictable. The major factor which may cause a material variation in net loss on a quarterly basis is the grant of stock option due to the resulting stock-based compensation charges which may be significant when they arise. This may be seen in the quarters ended October 31, 2009 and January 31, 2011. General and administrative costs tend to be quite similar from period to period, except in certain cases when there is an increase in corporate activities. The variation in income is related solely to the interest earned on funds held by the Company, which is dependent upon the success of the Company in raising the required financing for its activities which will vary with overall market conditions, and is therefore difficult to predict.

Liquidity and Capital Resources

The Company has no revenue generating operations form which it can internally generate funds and since inception date has been incurring losses. The Company has financed its operations and met its capital requirements primarily through the sale of capital stock by way of private placements and the subsequent exercise of share purchase warrants issued in connection with such private placements and the exercise of stock options. The Company also has raised funds through the sale of interests in its mineral properties. When acquiring interests in resource properties through purchase or option, the Company issues common shares or a combination of cash and shares to the vendors of the property as consideration for the property in order to conserve its cash. The Company expects that it will continue to operate at a loss for the foreseeable future and will require additional financing to fund the exploration of its existing properties and the acquisition of potential resource properties. The Company currently has sufficient funds to meet its general and administrative expenditures and obligations under its option agreements for the next twelve months.

The Company's cash and short-term investments at April 30, 2011 were held for working capital purposes and were invested primarily in Guaranteed Investment Certificates with a major Canadian chartered bank. The Company has no exposure to any asset-backed commercial paper. The Company does not believe that the credit, liquidity or market risks with respect thereto have increased as a result of the current market conditions. However, in order to achieve greater security for the preservation of its capital, the Company has, of necessity, been required to accept lower rates of interest which has also lowered its potential interest income.

As at April 30, 2011, the Company had working capital of $891,854 as compared to working capital of $33,592 as at October 31, 2010, representing an increase in working capital by $858,262. Net cash and short-term investments on hand increased by $782,162 from $37,669 at October 31, 2010 to $819,831 at April 30, 2011. The increase in cash resulted mainly from net inflows of cash of $946,172 from two private placement financing, $158,000 from exercise of stock options and warrants, $41,155 from the sale of marketable securities, $15,000 from property option payment received offset by cash utilized for operations of $377,992.

The Company currently has interests in several resource properties and is subject to resource property commitments as outlined under note 11 to its consolidated financial statements as at and for the period ended April 30, 2011. As at April 30, 2011, the Company incurred aggregate expenditures of $578,144 on the properties which consisted of option payments in cash of $252,185 and in shares at fair values of $321,700, exploration costs of $100,857 and other expenses of $4,777. The Company optioned out one of its properties and received $25,000 and shares at a fair value of $76,375. See "*Description of Business*".

During the year ended October 31, 2010, the Company raised gross proceeds of $150,000 from a non-brokered private placement of 3,000,000 units at $0.05 per unit. Each unit consists of one common share 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 at any time until April 6, 2012. The Company paid a finder's fee of $16,595 on this private placement.

During the six months ended April 30, 2011, the Company raised gross proceeds of $297,000 from a non-brokered private placement of 5,940,000 units at a price of $0.05 per unit. Each unit consists of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.10 per share expiring November 30, 2012. The Company paid $29,700 as finders' fees on this private placement.

During the six months ended April 30, 2011, the Company closed a non-brokered private placement of 7,500,000 units at a price of $0.10 per unit for gross proceeds of $750,000. Each unit consists of one common share and one-half of one share purchase warrant. Each common share purchase warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.15 per share expiring February 17, 2013. The Company paid $63,250 and issued 112,500 units having the same terms as the private placement as finder's fees on this private placement.

During the six months ended April 30, 2011, 580,000 stock options at $0.10 per share were exercised for total proceeds of $58,000 and 1,000,000 warrants at $0.10 per share were exercised for total proceeds of $100,000.

As of the date of this MD&A, financing for the Company's operations is also potentially available through the exercise of 725,000 vested stock options exercisable at a price of $0.10 per share which expire on May 12, 2018, 1,160,000 vested stock options exercisable at a price of $0.10 per share which expire on February 5, 2019, 400,000 vested stock options exercisable at a price of $0.10 per share which expire on June 3, 2019, 50,000 vested stock options exercisable at a price of $0.10 per share which expire August 14, 2019, 250,000 vested stock options exercisable at a price of $0.10 per share which expire September 22, 2019, 262,500 vested stock options exercisable at a price of $0.10 per share which expire January 14, 2020, 140,625 vested stock options exercisable at a price of $0.10 per share which expire May 3, 2020, 300,000 vested stock options exercisable at a price of $0.10 per share which expire June 23, 2020, 125,000 vested stock options exercisable at a price of $0.10 per share which expire September 1, 2020, 1,002,500 vested stock options exercisable at a price of $0.10 per share which expire October 13, 2020, 1,550,000 vested stock options exercisable at a price of $0.11 per share which expire January 24, 2021, 97,875 vested stock options exercisable at a price of $0.11 per share which expire February 14, 2013, 118,750 vested stock options exercisable at a price of $0.11 per share which expire February 14, 2021, 3,000,000 share purchase warrants exercisable at a price of $0.20 per share which expire on July 7, 2011, 2,000,000 share purchase warrants exercisable at a price of $0.10 per share which expire on April 6, 2012, 5,940,000 share purchase warrants exercisable at a price of $0.10 per share which expire on November 30, 2012 and 3,806,250 share purchase warrants exercisable at a price of $0.15 per share which expire on February 17, 2013. However, there can be no assurance that any of these outstanding convertible securities will be exercised, particularly if the trading price of the common shares on the TSX Venture Exchange does not exceed, by a material amount and for a reasonable period, the exercise price of such convertible securities at some time prior to their expiry dates.

The Company believes that it currently has sufficient funds to continue its anticipated ongoing operations and meet its obligations for the next twelve months. However, if the Company's plans change (as, for example, if it determines to carry our additional work, acquire additional properties or accelerate its presently contemplated work programs) or its current assumptions change or prove inaccurate, the Company may be required to seek additional financing.

The Company has not entered into any long-term lease commitments nor does it have long-term debt.

The Company has not had a history of operations or earnings and its overall success will be affected by its current or future business activities. The continued operations of the Company and the recoverability of expenditures incurred to earn an interest in resource properties are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, obtaining necessary financing to explore and develop the properties, and upon future profitable production or proceeds from disposition of the resource properties.

Related Party Transactions

The Company has entered into certain transactions with related parties during the six months ended April 30, 2011. All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

A description of the related party transactions is as follows:

Name and Relationship to Company	Transaction	Three months ended April 30, 2011 $	Three months ended April 30, 2010 $	Six months ended April 30, 2011 $	Six months ended April 30, 2010 $
Max Pinsky Personal Law Corporation, a company controlled by Max Pinsky, Secretary of the Company	Legal fees	2,379	3,282	2,629	5,368
Marc Morin, CEO of the Company	Management fees	7,500	-	15,000	-
	Consulting fees	-	3,650	-	8,025
Tony M. Ricci Inc., a company controlled by Tony M. Ricci, former CEO of the Company	Management fees	-	11,700	-	23,400
Remstar Resources Ltd., a company with a common director and a common officer	Office, rent and administration (1)	17,100	14,100	29,400	29,100

(1) The Company entered into a month-to-month arrangement for the rental of office premises and the provision of accounting, financial reporting and administrative services with Remstar Resources Ltd., a public company related by a common director and a common officer.

Included in prepaid expenses and deposits are a rent deposit of $2,000 (October 31, 2010 - $2,000) to a company having a director and officer in common.

Included in accounts payable and accrued liabilities is $7,203 (October 31, 2010 - $8,691) payable to a director and an officer of the Company. These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

Investor Relations

The Company retained Deutsche Investor-Relations GmbH ("DIRG") of Berlin, Germany, pursuant to an investor relations agreement dated February 10, 2011, to provide investor relations services in Europe. Ultra Lithium and DIRG are at arm's length.

DIRG provides a multitude of investor relations services to publicly traded companies which are looking to establish support in Europe. DIRG will create an online presence for Ultra Lithium through the creation of a corporate profile on www.wallstreetonline.de, with the intention of creating a multifaceted investor relations program based on Ultra Lithium's profile.

Compensation to DIRG includes a fee of €2,500 EURO per month and options to acquire 261,000 shares at CAD $0.11 per share for a period of two years pursuant to the Company's Stock Option Plan. These options will vest over a period of 18 months. The investor relations agreement is for a period of 6 months and is subject to automatic 6 month renewals unless cancelled in advance by either party.

Changes in Accounting Policies including Initial Adoption

Future Accounting Pronouncements

(a) International Financial Reporting Standards (IFRS)

In 2006, the Canadian Accounting Standards Board (AcSB) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly accountable companies to use IFRS, replacing Canadian GAAP. This date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

The Company will prepare its first consolidated financial statements in accordance with IFRS for the year ending October 31, 2012. In accordance with IFRS 1, *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"), the Company will retrospectively apply IFRS, except for mandatory and elected optional exemptions from full retrospective application of IFRS as provided by IFRS 1.

Preparation of the first consolidated financial statements in accordance with IFRS will require presentation of comparative information in accordance with IFRS. Accordingly, the Company will be required to restate its balance sheet as at November 1, 2010 to comply with IFRS ("transition date").

The execution of the Company's IFRS conversion plan is underway, including the evaluation of the financial impact upon IFRS adoption, development of IFRS accounting policies, and redesign of business processes. The Company anticipates there will be changes in accounting policies and these changes may materially impact our consolidated financial statements. The Company does anticipate a significant increase in disclosure resulting from the adoption of IFRS and is continuing to assess the level of disclosure required. However, the Company has initially determined that its accounting and financial reporting systems will not be significantly impacted.

The Company's transition to IFRS and conversion plan consist of three phases:

1. Planning and Scoping

This phase covered project planning and identification of differences between existing Canadian GAAP and IFRS which have been completed during the first quarter of 2011. The areas of accounting differences that have been identified that will potentially be impacted are impairment of assets, share-based payments and initial adoption of IFRS under the provisions of IFRS 1.

2. In-depth Analysis

This phase involves detailed evaluation of the financial impacts of various options and alternative methodologies available under IFRS, analysis of IFRS 1 optional exemptions and mandatory exceptions to the general requirement for full retrospective application upon transition to IFRS, compilation of IFRS disclosure requirements and development of required solutions to address identified issues.

3. Implementation and Review

This phase commenced in the second quarter of 2011 and included the preparation and reconciliation of opening balance sheet and collection of financial information required to complete IFRS compliant consolidated interim and annual financial statements.

First time adoption of IFRS

IFRS 1 generally requires that all IFRS standards and interpretations be accounted for on a retrospective basis. However, IFRS 1 provides for certain optional exemptions and other mandatory exceptions in specific areas of certain standards that do not require retrospective application of IFRS. The most significant IFRS optional exemptions which the Company is expected to apply are:

IAS 16, Property, Plant and Equipment	The Company has decided not to use an optional IFRS 1 election to measure its property, plant and equipment at the date of transition to IFRS at its fair value and use that fair value as its deemed cost, or use a previous GAAP revaluation of property, plant and equipment as its deemed cost at the transition date. Instead, the Company will retrospectively apply recognition and measurement requirements of IAS 16, Property, Plant and Equipment. Under IAS 16, the Company made an accounting policy choice to measure its property, plant and equipment after its recognition at its cost less any accumulated depreciation and any accumulated impairment losses.
IAS 39, Financial Instruments: Recognition and Measurement	As at transition date, the Company will not make any additional optional designations of financial instruments as available for sale, or financial asset or financial liability at fair value through profit or loss, unless such designation has been made on initial recognition of such instruments in accordance with IAS 39.
IFRS 2, Share-based payments	The Company will take the election and only reassess the fair value of options that were granted after Nov 7, 2002 and that have not vested at the date of transition, May 1, 2010.

IFRS to Canadian GAAP differences

IAS 36, Impairment of Assets

Both Canadian GAAP and IFRS require an entity to undertake impairment testing where there is an indication of impairment. Annual impairment tests are required for goodwill and indefinite-lived intangible assets.

Canadian GAAP generally uses a two-step approach to testing a long-lived asset for impairment if an indication of impairment exists. The first step is a test for recoverability whereby the carrying value is compared to the undiscounted cash flows that the asset is expected to generate. If the undiscounted cash flows exceed the carrying amount, then no impairment charge is necessary. If the undiscounted cash flows are lower than the carrying amount of the asset, then the asset is written down to the estimated fair value, determined based on the discounted cash flows.

Under IFRS, if there is an indication of impairment the entity must compare the carrying value of the asset to the recoverable amount. Recoverable amount is defined as the higher of an asset less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset. An impairment loss is recognized to the extent that the carrying value exceeds the recoverable amount. Unlike Canadian GAAP, IFRS requires impairment charges to be reversed if the circumstances leading to the impairment no longer exist.

The Company is still assessing the carrying values of its exploration project in accordance with IAS 36 to determine if any impairment losses are required to be recognized as at the transition date.

IFRS 2, Share-based payments

Canadian GAAP requires that share-based payments are measured at fair value and an expense recorded over the vesting period of the instrument and award forfeitures are accounted for as they occur. IFRS standards require each tranche in the grant to be amortized over their respective vesting period, and estimates of forfeiture rates are applied at the outset. The Company's accounting policy under IFRS is largely consistent with Canadian GAAP except for the initial inclusion of a forfeiture rate in the fair value estimation and small changes to the initial valuation of tranches of options that vest over different periods.

IFRS 6, Exploration for and Evaluation of Mineral Resources

Under Canadian GAAP, costs incurred in the acquisition, exploration, evaluation and development of mineral resources are capitalized as incurred. IFRS has no explicit guidance on the treatment of these costs. IFRS allows a company to set its accounting policy to expense or capitalize the costs incurred in the acquisition, exploration, evaluation and development of mineral resources. The Company's current accounting policy is likely to be maintained through transition with no differences anticipated.

The discussion above should not be regarded as a complete list of changes that will result from the Company's transition to IFRS. In the period leading up to the changeover in 2011, the AcSB has ongoing projects and intends to issue new accounting standards during the conversion period. As a result, the final impact of IFRS on the Company's consolidated financial statements can only be measured once all the applicable IFRS accounting standards at the transition date are known. The Company will continue to review new standards, as well as the impact of the new accounting standards, between now and the transition date to ensure all relevant changes are addressed.

(b) Business combinations

CICA Handbook Section 1582, *Business Combinations*, replaces Section 1581, *Business Combinations* and provides the Canadian equivalent to International Financial Reporting Standards ("IFRS") 3, *Business Combinations*. This applies to a transaction in which the acquirer obtains control of one or more businesses. Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be improbable, will be measured at fair value. Any interest in the acquiree owned prior to obtaining control will be remeasured at fair value at the acquisition date, eliminating the need for guidance on step acquisitions. Additionally, a bargain purchase will result in recognition of a gain and acquisition costs must be expensed. Earlier application is permitted. The Company does not expect to adopt this standard prior to November 1, 2011, at which time it expects to adopt the equivalent IFRS standard.

(c) Consolidations and Non-Controlling Interests

Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*, replace Section 1600, *Consolidated Financial Statements*. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS standard, IAS 27 (Revised), *Consolidated and Separate Financial Statements*. The Sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. The Company does not expect to adopt this standard prior to November 1, 2011, at which time it expects to adopt the equivalent IFRS standard.

Off-Balance-Sheet Arrangements

The Company has not entered into any off-balance-sheet arrangements.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash, short-term investments, amounts receivable, marketable securities and accounts payable and accrued liabilities.

Cash and short-term investments are designated as held-for-trading and therefore carried at fair value, with the unrealized gain or loss recorded in interest income. Receivables are classified as loans and receivables, which are measured at amortized cost. Marketable securities are classified as available-for-sale and carried at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The carrying amounts of cash and, short-term investments, amounts receivable, marketable securities and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments. The fair values of marketable securities are based on active market obtained from the closing stock price at period end.

The following illustrates the classification of the Company's financial instruments within the fair value hierarchy as at April 30, 2011:

Assets	Level 1	Level 2	Level 3	Total
Cash	$ 649,831	$ -	$ -	$ 649,831
Short-term investments	170,000	-	-	170,000
	$ 819,831	$ -	$ -	$ 819,831

The Company's risk exposure is summarized as follows:

(a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on the cash balances at the bank, its short-term bank guaranteed investment certificates and amounts receivable. The investments are with Schedule 1 banks or equivalent, with the majority of its cash held in Canadian based banking institutions, authorized under the Bank Act to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation. The amounts receivable consist of goods and services tax recoverable of $15,201 and accrued interest receivable of $799 which are not considered past due.

(b) Liquidity risk

The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due. As at April 30, 2011, the Company had a cash balance of $649,831 and short-term investments of $170,000 to settle current liabilities of $33,269 which mainly consist of accounts payable that are considered short term and settled within 30 days. The Company has sufficient liquidity to meet the Company's requirements for the next twelve months.

(c) Market risk

(i) Currency Risk

The Company's functional and reporting currency is the Canadian dollar. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company has a subsidiary in the United States and holds cash in Canadian and United States currencies in line with forecasted expenditures. The Company's main risk is associated with fluctuations in the US dollar and assets and liabilities are translated based on the foreign currency translation policy described in note 2 to the audited financial statements of the Company for the year ended October 31, 2010.

The Company's cash is held in a Canadian major banking institution. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

(ii) Interest Rate Risk

The interest on cash and short-term investments is typical of Canadian banking rates, which are at present low, however, the conservative investment strategy mitigates the risk of deterioration to the investment. A change of 100 basis points in the interest rates would not be material to the consolidated financial statements.

(iii) Commodity price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company's risk relates primarily to the expected output to be produced at its mineral properties described in note 8 to the interim consolidated financial statements for the six months ended April 30, 2011, of which production is not expected in the near future.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting or any other factors during the period ended April 30, 2011, that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

Outstanding Share Data

(1) Authorized and Issued Capital Stock

a) Authorized - Unlimited common shares without par value.

b) Issued

As at June 27, 2011, there were 94,452,505 common shares issued and outstanding.

(2) Options and Warrants Outstanding

a) Stock options outstanding at June 27, 2011 are as follows:

Number of Outstanding	Exercise Price	Expiry Date	Number Exercisable
725,000	$0.10	May 12, 2018	725,000
1,160,000	$0.10	February 5, 2019	1,160,000
400,000	$0.10	June 3, 2019	400,000
50,000	$0.10	August 14, 2019	50,000
250,000	$0.10	September 22, 2019	250,000
300,000	$0.10	January 14, 2020	262,500
187,500	$0.10	May 3, 2020	140,625
400,000	$0.10	June 23, 2020	300,000
200,000	$0.10	September 3, 2020	125,000
1,002,500	$0.10	October 13, 2020	1,002,500
2,050,000	$0.11	January 24, 2021	1,550,000
261,000	$0.11	February 14, 2013	97,875
150,000	$0.11	February 14, 2021	118,750
7,136,000			6,182,250

b) Warrants outstanding as at June 27, 2011:

Number of Shares	Exercise Price	Expiry date
3,000,000	$0.20	July 7, 2011
2,000,000	$0.10	April 6, 2012
5,940,000	$0.10	November 30, 2012
3,806,250	$0.15	February 17, 2013