

Ultra Lithium Inc.

(the “Company”)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three months ended January 31, 2015 and 2014

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.

April 2, 2015

Ultra Lithium Inc.

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

	January 31, 2015	October 31, 2013
	\$	\$
Assets		
Current assets:		
Cash and cash equivalents	194,763	473,490
Amounts receivable	11,867	10,075
Marketable securities (Note 4)	6,250	6,250
Prepaid expenses and deposits (Note 8)	22,844	18,433
	235,724	508,248
Equipment (Note 5)	93,516	97,769
Exploration and evaluation assets (Note 6)	4,484,055	4,253,357
	4,813,295	4,859,374
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade payables and accrued liabilities (Note 8)	182,907	53,352
Advances payable (Note 6(c))	-	-
	182,907	53,352
Shareholders' equity:		
Share capital (Note 7)	9,566,305	9,566,305
Reserves	1,272,157	1,234,857
Deficit	(6,208,074)	(5,995,140)
	4,630,388	4,806,022
	4,813,295	4,859,374

Nature and continuance of operations (Note 1)

Commitments (Note 9)

Subsequent event (Note 14)

"Marc Morin" Director
Marc Morin

"Phu Van Bui" Director
Phu Van Bui

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

Ultra Lithium Inc.

Condensed Interim Consolidated Statements of Comprehensive Loss (Unaudited)

(Expressed in Canadian Dollars)

Three months ended January 31,

	2015	2014
	\$	\$
Expenses:		
Consulting fees	53,611	7,277
Depreciation (Note 5)	295	228
Management fees (Note 8)	36,000	36,000
Office, rent and administration (Note 8)	66,541	55,942
Professional fees (Note 8)	18,053	2,483
Share-based payments (Note 7)	248	31,569
Stock exchange and filing fees	2,391	-
Transfer agent fees	1,019	1,207
Travel and promotion	38,851	20,166
	(217,009)	(154,872)
Other items:		
Interest income	-	5,382
(Impairment) recovery of exploration and evaluation assets (Note 6)	-	-
Finance and other costs	-	(4,260)
Foreign exchange (loss) gain	(53,254)	63,993
	(53,254)	65,115
Net loss for the period	(270,263)	(89,757)
Other comprehensive income (loss):		
Foreign currency translation	37,053	32,541
Unrealized loss on available-for-sale marketable securities (Note 4)	-	-
Comprehensive loss for the period	(233,210)	(57,216)
Basic and diluted loss per share	(0.01)	(0.00)
Weighted average number of common shares – basic and diluted	232,622,505	212,625,505

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

Ultra Lithium Inc.

Consolidated Statements of Changes in Equity (Expressed in Canadian Dollars)

Three months ended January 31, 2015 and 2014

	Share Capital		Reserves						Deficit	Total shareholder's equity	
	Notes	Common shares	Amount	Stock options	Warrants	Foreign currency translation	Fair value	Obligation to issue shares			Total
		#	\$	\$	\$	\$	\$	\$			\$
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
Comprehensive loss for the period		-	-	-	-	23,233	(12,500)	-	10,733	(1,378,448)	(1,367,715)
Obligation to issue shares	5(c)	-	-	-	-	-	-	(507,576)	(507,576)	-	(507,576)
Private placements	7	20,000,000	1,000,000	-	-	-	-	-	-	-	1,000,000
Share issuance costs	7	-	(5,970)	-	-	-	-	-	-	-	(5,970)
Modification to warrants	7	-	(141,890)	-	141,890	-	-	-	141,890	-	-
Forfeited options	7	-	-	(15,588)	-	-	-	-	(15,588)	15,588	-
Share-based payments		-	-	192,618	-	-	-	-	192,618	-	192,618
Balance, October 31, 2014		232,622,505	9,566,305	933,733	281,972	44,152	(25,000)	-	1,234,857	(5,995,140)	4,806,022
Comprehensive loss for the period		-	-	-	-	37,057	-	-	37,057	(212,934)	(175,877)
Share-based payments		-	-	243	-	-	-	-	243	-	243
Balance, January 31, 2015		232,622,505	9,566,305	933,976	281,972	81,205	(25,000)	-	1,272,157	(6,208,074)	4,630,388

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

Ultra Lithium Inc.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Three months ended January 31,

	2015	2014
	\$	\$
Operations:		
Net loss for the year	(270,263)	(89,757)
Items not involving cash:		
Depreciation	295	228
Share-based payments	247	31,569
Changes in non-cash working capital items:		
Amounts receivable	(1,792)	(1,598)
Prepaid expenses and deposits	(4,411)	2,131
Trade payables and accrued liabilities	129,555	(10,045)
	(146,369)	(67,472)
Financing:		
Advances payable	-	(4,010)
	482,444	(4,010)
Investing:		
Purchase of equipment	(3,564)	(5,231)
Property option payment received	-	-
Exploration and evaluation assets	(223,176)	(849,079)
	(226,740)	(854,310)
Effect of foreign exchange on cash flows	94,382	31,416
Increase (decrease) in cash and cash equivalents	(278,727)	(894,376)
Cash and cash equivalents, beginning of year	473,490	2,888,401
Cash and cash equivalents, end of year	194,763	1,994,025
Supplementary information:		
Exploration and evaluation asset expenditures in trade payables and accrued liabilities	-	81,498
Depreciation in exploration and evaluation assets	3,761	5,341
Cash and cash equivalents consist of:		
Cash	194,763	609,025
Guaranteed investment certificates	-	1,385,000
	194,763	1,994,025

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

Ultra Lithium Inc.

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

Three Months Ended January 31, 2015 and 2014
(Unaudited)

NOTE 1 – NATURE AND CONTINUANCE 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 806 – 633 Abbott Street, Vancouver, BC, Canada, V6B 0J3. 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 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, 2015 of \$52,817 (October 31, 2014 - \$454,896) and accumulated deficit of \$6,208,074 (October 31, 2014 - \$5,995,140) and expects to incur further losses in the development of its business. The Company will require additional financing in order to fund working capital requirements. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. These material uncertainties cast significant doubt on the entity’s ability to continue as a going concern.

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

The consolidated financial statements were authorized for issue on April 2, 2015, by the Directors of the Company. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of presentation and consolidation

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, 2014.

Ultra Lithium Inc.

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

Three Months Ended January 31, 2015 and 2014
(Unaudited)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

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, 2015

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.

NOTE 3 – RECENT ACCOUNTING PRONOUNCEMENTS

The following IFRS standards have been recently issued by the IASB or IFRIC. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded herein. The Company is assessing the impact of these new standards, but does not expect them to have a significant effect on the financial statements.

(a) IFRS 9, Financial Instruments

The IASB has issued a new standard, IFRS 9, “Financial Instruments” (“IFRS 9”), which will replace IAS 39, “Financial Instruments: Recognition and Measurement” (“IAS 39”). IFRS 9 will replace the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. The new standard also requires a single impairment method to be used, provides additional guidance on the classification and measurement of financial liabilities, and provides a new general hedge accounting standard.

The mandatory effective date has tentatively been set for January 1, 2018, however early adoption of the new standard is permitted. The Company currently does not intend to early adopt IFRS 9. The adoption of IFRS 9 is currently not expected to have a material impact on the financial statements as the classification and measurement of the Company’s financial instruments is not expected to change given the nature of the Company’s operations and the types of financial instruments that it currently holds.

NOTE 4 – MARKETABLE SECURITIES

	January 31, 2015			October 31, 2014		
	Market	Cost	Unrealized Loss	Market	Cost	Unrealized Loss
	\$	\$	\$	\$	\$	\$
Common shares in a public company received pursuant to an option agreement, representing less than a 5% ownership interest (Note 6 (a))	6,250	31,250	(25,000)	6,250	31,250	(25,000)

Ultra Lithium Inc.

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

Three Months Ended January 31, 2015 and 2014
(Unaudited)

NOTE 5 –EQUIPMENT

	Computer hardware	Other equipment	Motor vehicles	Total
	\$	\$	\$	\$
Costs:				
Balance, October 31, 2013	41,181	20,632	50,948	112,761
Additions	8,201	6,123	46,181	60,505
Foreign exchange	(167)	(1,196)	(5,127)	(6,490)
Balance, October 31, 2014	49,215	25,559	92,002	166,776
Additions	1,070	2,495	-	3,565
Foreign exchange	-	-	-	-
Balance, January 31, 2015	50,285	28,054	92,002	170,341

NOTE 5 –EQUIPMENT (Continued)

	Computer hardware	Other equipment	Motor Vehicle	Total
	\$	\$	\$	\$
Depreciation:				
Balance, October 31, 2013	13,332	2,063	20,634	36,029
Depreciation	14,755	4,387	16,180	35,322
Foreign exchange	(84)	(338)	(1,922)	(2,344)
Balance, October 31, 2014	28,003	6,112	34,892	69,007
Depreciation	2,512	916	2,871	6,299
Foreign exchange	616	142	761	1,519
Balance, January 31, 2015	31,131	7,170	38,524	76,825
Net Book Value:				
October 31, 2014	21,212	19,447	57,110	97,769
January 31, 2015	19,155	20,884	53,478	93,516

Ultra Lithium Inc.

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

Three Months Ended January 31, 2015 and 2014
(Unaudited)

NOTE 6 – EXPLORATION AND EVALUATION ASSETS

	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	-	-	34,411	34,411
Drilling	-	-	702,618	702,618
Geology and geophysics	-	25,200	239,139	264,339
Licenses, permits, claim fees and taxes	-	118,917	159,985	278,902
Office, rent and administration	-	-	204,876	204,876
Professional fees	-	6,265	33,884	40,149
Wages and contract labor	-	-	390,810	390,810
	-	150,382	1,765,723	1,916,105
Impairment	-	-	(492,333)	(492,333)
Foreign exchange	-	48,100	(154,342)	(106,242)
Balance, October 31, 2014	-	869,670	3,383,687	4,253,357
	Ontario (a)	South Big Smokey Valley, Nevada (b)	Mineral Concessions, Serbia (c)	Total
	\$	\$	\$	\$
Balance, October 31, 2014	-	869,670	3,383,687	4,253,357
Exploration:				
Depreciation	-	2,206	3,798	6,004
Drilling	-	-	-	-
Geology and geophysics	-	121,942	22,442	144,385
Licenses, permits, claim fees and taxes	16,018	-	-	16,018
Office, rent and administration	-	-	4,538	4,538
Professional fees	-	-	-	-
Wages and contract labor	-	-	16,285	16,285
	16,018	124,148	47,063	187,228
Impairment	-	-	-	-
Foreign exchange	-	91,105	(47,635)	43,470
Balance, January 31, 2015	16,018	1,084,923	3,383,115	4,484,055

Ultra Lithium Inc.

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

Three Months Ended January 31, 2015 and 2014
(Unaudited)

NOTE 6 – EXPLORATION AND EVALUATION ASSETS (Continued)

(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. 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 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 earned its 80% interest in the Zigzag property by completing its three-year staged payments of \$100,000, issuances of 650,000 common shares of Orebodies to the Company and required exploration expenditures of \$350,000.

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.

During the three months ended January 31, 2015, the Company staked additional claims for \$16,01.

(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 additional claims in the South Big Smokey 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. No further agreements were reached with CCG and the LOI was terminated on March 16, 2014.

Ultra Lithium Inc.

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

Three Months Ended January 31, 2015 and 2014
(Unaudited)

NOTE 6 – EXPLORATION AND EVALUATION ASSETS (Continued)

(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.

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.

(c) Mining Concessions, Serbia (Continued)

During the year ended October 31, 2013, the Company received the initial contribution from BZMI of \$511,586 (US\$500,000) (“Contribution”) and recorded the amount as advances payable.

During the year ended October 31, 2014, the Company terminated the option agreement with BZMI and BZMI subscribed and placed its Contribution in the Company’s private placement financing.

As at October 31, 2014, the Company determined that it will no longer pursue exploration work on the Valjevo property. Accordingly, the Company recorded an impairment of \$492,333 related to this property.

Ultra Lithium Inc.

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

Three Months Ended January 31, 2015 and 2014
(Unaudited)

NOTE 7 – SHARE CAPITAL AND RESERVES

(a) Authorized

Unlimited number of voting common shares without par value.

(b) Issued Share Capital

At October 31, 2014, there were 232,622,505 issued and fully paid common shares (2013 – 212,622,505).

(c) Share Issuances

During the year ended October 31, 2014, the Company closed a non-brokered private placement of 20,000,000 common shares at a price of \$0.05 per share for gross proceeds of \$1,000,000. Share issue costs with respect to the private placement totaled \$5,970.

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, 2013	31,746,250	0.11
Issued	45,000,000	0.10
Expired	(56,250) ⁽¹⁾	0.15
Balance, October 31, 2014 and January 31, 2015	76,690,000	0.10

⁽¹⁾ During the year ended October 31, 2014, the fair value of 56,250 expired warrants of \$3,078 was reclassified from reserves to share capital.

Ultra Lithium Inc.

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

Three Months Ended January 31, 2015 and 2014
(Unaudited)

NOTE 7 – SHARE CAPITAL AND RESERVES (Continued)

(d) Warrants (Continued)

Warrants	Exercise Price	Expiry Date
#	\$	
10,000,000 ⁽³⁾	0.10	July 9, 2017
10,000,000 ⁽³⁾	0.10	September 10, 2017
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 ⁽¹⁾	0.10	November 30, 2015
3,750,000 ⁽²⁾	0.15	February 17, 2016
76,690,000		

⁽¹⁾ 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 with 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.

⁽²⁾ During the year ended October 31, 2013, the expiry date of 3,750,000 warrants 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 with 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.

⁽³⁾ During the year ended October 31, 2014, the expiry date of 20,000,000 warrants was extended for another 3 years expiring July 9, 2017 and September 10, 2017, respectively. The Company calculated the incremental increase in the fair value of the warrant extension to be \$141,890 using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend yield – 0%; expected stock price volatility – 97.85%; risk-free interest rate – 1.10%; expected life – 2 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 Months Ended January 31, 2015 and 2014
(Unaudited)

NOTE 7 – 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, 2013	16,820,000	0.05
Forfeited	(400,000) ⁽²⁾	0.05
Balance, October 31, 2014 and January 31, 2015	16,420,000	0.05

⁽¹⁾ 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.

⁽²⁾ During the year ended October 31, 2014, the fair value of 400,000 forfeited options of \$15,588 was reclassified from reserves to deficit.

The following table summarizes the options outstanding and exercisable as at January 31, 2015:

Shares	Exercise Price	Expiry Date	Exercisable
#	Per Share		#
	\$		
600,000	0.05 ⁽¹⁾	November 1, 2022	600,000
10,150,000	0.05 ⁽¹⁾	April 19, 2023	10,150,000
660,000	0.05 ⁽¹⁾	May 12, 2018	660,000
200,000	0.05 ⁽¹⁾	May 28, 2023	200,000
250,000	0.05 ⁽¹⁾	October 11, 2023	187,500
1,160,000	0.05 ⁽¹⁾	February 5, 2019	1,160,000
200,000	0.05 ⁽¹⁾	June 3, 2019	200,000
50,000	0.05 ⁽¹⁾	August 14, 2019	50,000
300,000	0.05 ⁽¹⁾	January 14, 2020	300,000
300,000	0.05 ⁽¹⁾	June 23, 2020	300,000
200,000	0.05 ⁽¹⁾	September 1, 2020	200,000
670,000	0.05 ⁽¹⁾	October 13, 2020	670,000
1,530,000	0.05 ⁽¹⁾	January 24, 2021	1,530,000
150,000	0.05 ⁽¹⁾	February 14, 2021	150,000
16,420,000			16,357,500

⁽¹⁾ On May 15, 2014, the exercise price of these stock options was amended to \$0.05 per share.

Ultra Lithium Inc.

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

Three Months Ended January 31, 2015 and 2014
(Unaudited)

NOTE 7 – SHARE CAPITAL AND RESERVES (Continued)

(e) Stock Options (Continued)

During the year ended October 31, 2014, the Company amended the terms of an aggregate of 16,420,000 stock options previously granted to employees, directors and consultants of the Company. These options had original exercise prices between \$0.10 and \$0.11 per share with expiry dates between 2017 and 2023 and were amended to have an exercise price of \$0.05 per share. The repricing of options resulted in the recognition of additional share-based payments of \$169,542 during the year ended October 31, 2014.

During the year ended October 31, 2014, under the fair-value-based method, \$54,645 (2013 – \$409,647) in share-based payments was recorded for stock options 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	1.27%	1.26%
Expected life of options	3.85 years	3.93 years
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	98.47%	102.23%

The weighted average fair value of options granted during the year ended October 31, 2014 was \$Nil (2013 - \$0.04) per option.

As at October 31, 2014, the weighted average remaining life of options was 7.43 years (2013 – 5.03 years).

NOTE 8 – RELATED PARTY TRANSACTIONS

(a) Related party transactions

During the three months ended January 31, 2015, 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:

	2015	2014
	\$	\$
Legal fees (i)	341	2,036
Office, rent and administration ⁽¹⁾ (ii)	29,800	33,800
	30,141	35,836

⁽¹⁾ Of these fees, \$10,500 (three months ended January 31, 2014 - \$10,500) was allocated to the CFO of the Company (Note 8b)

Ultra Lithium Inc.

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

Three Months Ended January 31, 2015 and 2014
(Unaudited)

NOTE 8 – RELATED PARTY TRANSACTIONS (Continued)

(a) Related party transactions (Continued)

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

	2014	2014
	\$	\$
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, 2015 and 2014 were as follows:

	2015	2014
	\$	\$
Short-term benefits ⁽¹⁾	46,500	46,500
Share-based payments ⁽²⁾	-	24,193
	46,500	70,693

⁽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 7(e)).

(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, 2015	October 31, 2014
	\$	\$
A director and officer of the Company (i)	-	907
A company controlled by a director of the Company (i)	-	-
A former director of the Company (i)	7,203	7,203
A company having officers in common (ii)	2,000	2,000

Ultra Lithium Inc.

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

Three Months Ended January 31, 2015 and 2014
(Unaudited)

NOTE 9 – COMMITMENTS

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

	\$
2015	46,200

The Company signed a lease agreement for its office space for approximately \$4,200 per month commencing January 1, 2015 and expiring December 31, 2015.

NOTE 10 – SEGMENTED INFORMATION

The Company operated in the following geographic segments at January 31, 2015 and October 31, 2014:

January 31, 2015	Canada	United States	Serbia	Total
	\$	\$	\$	\$
Current assets	197,379	257	38,089	235,725
Equipment	21,827	-	71,689	93,516
Exploration and evaluation assets	16,018	1,082,718	3,385,319	4,484,055
	235,224	1,082,975	3,495,097	4,813,296

October 31, 2014	Canada	United States	Serbia	Total
	\$	\$	\$	\$
Current assets	464,553	363	43,332	508,248
Equipment	20,763	-	77,006	97,769
Exploration and evaluation assets	-	869,670	3,383,687	4,253,357
	485,316	870,033	3,504,025	4,859,374

NOTE 11 - FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT

(a) Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, amounts receivable and trade payables and advances payable approximate their fair values because of their short term nature. The fair values of marketable securities are based on current bid prices.

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

Ultra Lithium Inc.

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

Three Months Ended January 31, 2015 and 2014
(Unaudited)

NOTE 11 - FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT (Continued)

(a) Fair Value of Financial Instruments (Continued)

The three levels of hierarchy are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

Financial assets at fair value as at January 31, 2015:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<u>Financial assets</u>				
Marketable securities	6,250	-	-	6,250

During the three months ended ended January 31, 2015, a mark-to-market loss of \$nil (2014 – \$nil) for marketable securities designated as available-for-sale has been recognized in other comprehensive loss.

There were no financial liabilities at fair value as at January 31, 2015, and October 31, 2014.

(b) Financial Instruments Risk

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes:

(i) 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 and short-term bank guaranteed investment certificates (“GIC”) at the bank and amounts receivable. The risk to the Company managed as its 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 credit risk from amounts receivable is also minimal as at January 31, 2015, the amounts receivable consist of GST of \$11,867.

(ii) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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 January 31, 2015, the Company had a cash and cash equivalents balance of \$194,763 to settle trade payable and accrued liabilities of \$182,907 that are considered short term and settled within 30 days. Management believes that the Company will be able to obtain financing as required to meet its obligations and commitments for fiscal 2015 (see note 1).

Ultra Lithium Inc.

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

Three Months Ended January 31, 2015 and 2014
(Unaudited)

NOTE 11 - FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT (Continued)

(b) Financial Instruments Risk (Continued)

(iii) Market Risk

a) Currency Risk

Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company has subsidiaries in the United States and the Republic of Serbia and holds cash in Canadian dollars, United States dollars, Euros and Serbian Dinar currencies in line with forecasted expenditures. The Company's main risk is associated with fluctuations in the US dollar, Euros and Serbian Dinar and assets and liabilities are translated based on the foreign currency translation policy described in Note 2.

The Canadian dollar equivalent of the Company's net exposure to the US dollar, Euros and Serbian Dinar on financial instruments is as follows:

	January 31, 2015	October 31, 2014
	\$	\$
US dollar:		
Cash	257	363
Trade payable and accrued liabilities	(3,084)	(4,510)
Net US dollar	(2,826)	(4,147)
Euros:		
Cash	20,379	26,869
Serbian Dinar:		
Cash	3,666	1,616
Trade payable and accrued liabilities	(7,653)	(7,810)
Net Serbian Dinar	(3,987)	(6,194)

The Company has determined that an effect of a 10% increase or decrease in the US dollar, Euros and Serbian Dinar against the Canadian dollar on financial assets and liabilities, as at January 31, 2015, including cash and trade payable and accrued liabilities denominated in US dollars, Euros and Serbian Dinar, would result in an increase or decrease of approximately \$1,700 (2014 - \$1,653) to the net loss and comprehensive loss for the three months ended January 31, 2015. At January 31, 2015, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Ultra Lithium Inc.

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

Three Months Ended January 31, 2015 and 2014
(Unaudited)

NOTE 11 - FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT (Continued)

(b) Financial Instruments Risk (Continued)

(iii) Market Risk (Continued)

b) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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 Company's consolidated financial statements.

c) 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 exploration and evaluation assets described in Note 6 of these consolidated financial statements of which production is not expected in the near future.

During the three months ended January 31, 2015 and 2014, there were no changes to the Company's risk exposure or to the Company's policies for risk management.

NOTE 12 - CAPITAL MANAGEMENT

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funds to support the acquisition, exploration and development of exploration and evaluation assets such that it can continue to provide returns to shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or sell assets to settle liabilities. The Company has no long-term debt and is not subject to externally imposed capital requirements.

The properties in which the Company currently has an interest in are in the exploration stage, as such, the Company does not recognize revenue from its exploration properties. The Company's historical sources of capital have consisted of the sale of equity securities, loans, advances from related parties and interest income. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and expects to raise additional amounts externally as needed.

The Company is not subject to any externally imposed capital requirements.

There were no changes in the Company's management of capital during the three months ended January 31, 2015.