

Condensed consolidated interim financial statements of

Lithium Americas Corp.

November 30, 2010

(Unaudited)



Lithium Americas Corp.

November 30, 2010

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Lithium Americas Corp.

Condensed consolidated interim income statements

(in Canadian dollars - unaudited)

		Three months ended	Three months ended	Nine months ended	For the period from April 28, 2009 (date of incorporation) to November 30, 2009 (Note 1)
	Notes	November 30, 2010 \$	November 30, 2009 \$	November 30, 2010 \$	November 30, 2009 \$
Investment revenue		101,002	279	167,064	358
Foreign exchange gains		53,979	28,553	62,069	4,400
Employee benefits expense		(207,734)	(104,651)	(592,399)	(275,204)
Professional fees		(110,729)	(188,238)	(435,429)	(311,610)
Administrative expense		(319,757)	58,425	(829,736)	(113,191)
Consulting expense		(114,346)	(10,114)	(220,815)	(21,049)
Share-based payment expense	4	(629,498)	-	(2,250,482)	(621,000)
Depreciation expense	5	(76,496)	(4,260)	(200,389)	(4,260)
Loss before tax		(1,303,579)	(220,006)	(4,300,117)	(1,341,556)
Tax expense - current		(56,385)	-	(176,064)	-
Loss for the period		(1,359,964)	(220,006)	(4,476,181)	(1,341,556)
Loss per share, basic and diluted		(0.02)	(0.01)	(0.07)	(0.05)
Weighted average number of shares outstanding		73,724,504	41,870,330	67,046,170	26,182,407

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

Lithium Americas Corp.

Condensed consolidated interim statements of comprehensive loss

(in Canadian dollars - unaudited)

	Three months ended November 30, 2010	Three months ended November 30, 2009	Nine months ended November 30, 2010	For the period from April 28, 2009 (date of incorporation) to November 30, 2009 (Note 1)
	\$	\$	\$	\$
Loss for the period	(1,359,964)	(220,006)	(4,476,181)	(1,341,556)
Other comprehensive loss				
Foreign exchange difference on translating foreign operations				
Foreign exchange differences arising during the period	(816,183)	(48,658)	(941,562)	(48,658)
Total comprehensive loss for the period	(2,176,147)	(268,664)	(5,417,743)	(1,390,214)

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

Lithium Americas Corp.

Condensed consolidated interim statements of financial position as at November 30, 2010 and February 28, 2010

(in Canadian dollars - unaudited)

		November 30, 2010	February 28, 2010
	Notes	\$	\$
Assets			
Non-current assets			
Property, plant and equipment	5	675,352	374,250
Property rights and exploration costs	6	27,266,136	9,889,289
Total non-current assets		27,941,488	10,263,539
Current assets			
Cash and cash equivalents		30,763,862	9,064,023
Other assets	7	298,213	237,891
Total current assets		31,062,075	9,301,914
Total assets		59,003,563	19,565,453
Equity and liabilities			
Capital and reserves			
Issued capital	8	53,179,149	12,845,192
Warrants and shareholder options	8	7,924,810	6,674,560
Reserves		2,421,634	1,067,672
Deficit		(7,101,780)	(2,625,599)
Total equity		56,423,813	17,961,825
Current liabilities			
Accounts payable and accrued liabilities		2,249,840	1,473,632
Due to related parties	9	329,910	129,996
Total current liabilities		2,579,750	1,603,628
Total liabilities		2,579,750	1,603,628
Total equity and liabilities		59,003,563	19,565,453
Commitments for expenditure	10		

Approved by the Board of Directors on January 13, 2011

_____"David D'Onofrio"_____
Director

_____"Waldo Perez"_____
Director

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

Lithium Americas Corp.

Condensed consolidated interim statements of changes in equity

(in Canadian dollars - unaudited)

	Notes	Issued capital	Warrants and shareholder options	Share- based payment reserve	Foreign currency translation reserve	Deficit	Total
		\$	\$	\$	\$	\$	\$
Balance, March 1, 2010		12,845,192	6,674,560	1,346,690	(279,018)	(2,625,599)	17,961,825
Loss for the period ended November 30, 2010		-	-	-	-	(4,476,181)	(4,476,181)
Other comprehensive loss for the period		-	-	-	(941,562)	-	(941,562)
		12,845,192	6,674,560	1,346,690	(1,220,580)	(7,101,780)	12,544,082
Initial public offering	1	45,000,140	-	-	-	-	45,000,140
Issue of compensation options	8	-	1,250,250	-	-	-	1,250,250
Share issue costs - broker warrants issued	8	(1,250,250)	-	-	-	-	(1,250,250)
Share issue costs - paid in cash	8	(3,669,011)	-	-	-	-	(3,669,011)
Stock options exercised		253,078	-	(103,328)	-	-	149,750
Recognition of share-based payments - expensed	4	-	-	2,250,482	-	-	2,250,482
Recognition of share based-payments - capitalized	4 & 8	-	-	148,370	-	-	148,370
Balance as at November 30, 2010		53,179,149	7,924,810	3,642,214	(1,220,580)	(7,101,780)	56,423,813
Opening balance, April 28, 2009 (date of incorporation)		-	-	-	-	-	-
Loss for the period ended November 30, 2009		-	-	-	-	(1,341,556)	(1,341,556)
Other comprehensive loss for the period		-	-	-	(48,658)	-	(48,658)
		-	-	-	(48,658)	(1,341,556)	(1,390,214)
Issue of special share		1	-	-	-	-	1
Issue of common shares for mineral rights for exploration		1,197,000	-	-	-	-	1,197,000
Issue of common shares for employee benefits		90,000	-	-	-	-	90,000
Issue of common shares and warrants for cash		9,424,050	58,950	-	-	-	9,483,000
Issue of broker warrants		-	576,600	-	-	-	576,600
Share issue costs - broker warrants issued		(576,600)	-	-	-	-	(576,600)
Share issue costs - paid in cash		(864,591)	-	-	-	-	(864,591)
Recognition of share based payments - expensed		-	-	621,000	-	-	621,000
Recognition of share based payments - capitalized		-	-	241,500	-	-	241,500
Balance as at November 30, 2009		9,269,860	635,550	862,500	(48,658)	(1,341,556)	9,377,696

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

Lithium Americas Corp.

Condensed consolidated interim statements of cash flows

(in Canadian dollars - unaudited)

	Three months ended November 30, 2010	Three months ended November 30, 2009	Nine months ended November 30, 2010	For the period from April 28, 2009 (date of incorporation) to November 30, 2009 (Note 1)
	\$	\$	\$	\$
Cash flows from operating activities				
Loss for the period	(1,359,964)	(220,006)	(4,476,181)	(1,341,556)
Foreign exchange gains	(53,979)	(4,400)	(62,069)	(4,400)
Depreciation expense	76,496	4,260	200,389	4,260
Expense recognized in respect of equity-settled shared-based payments expense	629,498	-	2,250,482	621,000
Expense recognized in respect of shares issued in exchange for consulting services	-	90,000	-	90,000
	(707,949)	(130,146)	(2,087,379)	(630,696)
Movements in working capital				
Decrease in other assets	(69,732)	(112,200)	(60,322)	(197,451)
Increase (decrease) in accounts payable and accrued liabilities	(362,901)	(354,196)	776,208	537,916
Increase in amounts due to related parties	13,554	381,818	199,914	462,491
Increase in notes payable	-	400,000	-	400,000
Net cash (used in) generated from operations	(1,127,028)	185,276	(1,171,579)	572,260
Cash flows from investing activities				
Purchase of property, plant and equipment	(17,548)	(114,879)	(530,774)	(114,879)
Acquisition of property rights and exploration costs	(5,901,764)	(3,233,865)	(18,010,475)	(4,724,426)
Net cash used in investing activities	(5,919,312)	(3,348,744)	(18,541,249)	(4,839,305)
Cash flows from financing activities				
Proceeds from share subscriptions	-	7,410,001	-	9,483,001
Proceeds from the issuance of shares (initial public offering)	-	-	45,000,140	-
Exercise of stock options	145,000	-	149,750	-
Share issuance costs	-	(677,821)	(3,669,011)	(864,591)
Net cash generated by financing activities	145,000	6,732,180	41,480,879	8,618,410
Net increase (decrease) in cash and cash equivalents	(6,901,340)	3,568,712	21,768,051	4,351,365
Effects of exchange rate changes on the balance of cash held in foreign currencies	173,158	126,875	(68,212)	126,875
Cash and cash equivalents at the beginning of the period	37,492,044	782,653	9,064,023	-
Cash and cash equivalents at the end of the period	30,763,862	4,478,240	30,763,862	4,478,240
Cash	30,557,448	4,478,240	30,557,448	4,478,240
Money market instruments	206,414	-	206,414	-
Cash and cash equivalents at the end of the period	30,763,862	4,478,240	30,763,862	4,478,240
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The accompanying notes are an integral part of these condensed consolidated interim financial statements

Lithium Americas Corp.

Notes to the condensed consolidated interim financial statements

November 30, 2010

in Canadian dollars, except where otherwise stated (unaudited)

1. General Information

Lithium Americas Corp. (the "Company") is a publicly listed company incorporated in Canada and its shares are listed on the Toronto Stock Exchange ("TSX"). It has offices in Toronto, Canada, Jujuy and Mendoza, Argentina. The Company's registered office is located at 100 King Street West, Suite 1600, 1 First Canadian Place, Toronto, Ontario, M5X 1G5. The Company was incorporated on April 28, 2009, and did not become operational until June 2009. The principal activity of the Company is the exploration and development of its lithium and potassium properties.

These condensed consolidated interim financial statements include the Company's wholly owned subsidiary, Minera Exar S. A., a company incorporated in Argentina.

The Company filed its preliminary prospectus on March 16, 2010. On May 10, 2010, the Company filed its final prospectus with audited financial statements for the period from April 28, 2009 (date of incorporation) to February 28, 2010.

On May 13, 2010 the Company closed its initial public offering of 24,324,400 common shares at a price of \$1.85 per share for gross proceeds of \$45,000,140.

The Company's common shares commenced trading on the TSX, under the symbol LAC, on May 14, 2010.

These condensed consolidated interim financial statements were approved by the Board of Directors on January 13, 2011.

2. Basis of presentation

Statement of compliance

The Company's condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 *'Interim Financial Reporting'*.

Basis of presentation

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's February 28, 2010 consolidated annual financial statements.

Going concern consideration

The Company is engaged in the exploration for and development of lithium and potassium on its properties in Argentina. The Company has completed the exploration stages of the relevant properties. The Company has not determined whether the exploration properties contain mineral reserves that are economically recoverable. The recoverability of the amount shown for mineral rights for exploration is dependent upon the discovery of economically recoverable reserves of lithium and potassium on the exploration properties and on attaining future profitable production from such properties.

The Company believes it has sufficient funds to finance its current operating exploration, and development expenditures over the next year. The Company will have to pursue opportunities to raise additional capital through equity markets or other forms of financing in order to continue funding operating and exploration expenditures; however, there can be no assurance it will be able to raise funds in the future.

Lithium Americas Corp.

Notes to the condensed consolidated interim financial statements

November 30, 2010

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3. Segment information

Operating segments were identified on the basis of internal reporting reviews that are performed by the chief operating decision maker. Two segments were identified based on the geographical areas and the reporting structure. The accounting policies of the reportable segments are the same as the Company's accounting policies. The Company operates one business segment based in Canada and one operating segment based in Argentina. Assets, liabilities and loss within each segment are as follows:

As at and for the nine months ended November 30, 2010

	Canada	Argentina	Total
	\$	\$	\$
Non-current assets	2,117,295	25,824,193	27,941,488
Current assets	29,868,976	1,193,099	31,062,075
Current liabilities	461,198	2,118,552	2,579,750
Investment revenue	165,984	1,080	167,064
Foreign exchange gains	62,069	-	62,069
Depreciation expense	21,759	178,630	200,389
Share-based payment expenses	2,235,608	14,874	2,250,482
Loss before tax	3,739,199	560,918	4,300,117
Tax expense	-	176,064	176,064

As at February 28, 2010

	Canada	Argentina	Total
	\$	\$	\$
Non-current assets	726,312	9,537,227	10,263,539
Current assets	8,960,983	340,931	9,301,914
Current liabilities	333,565	1,270,063	1,603,628

For the period from April 28, 2009 (date of incorporation)
to November 30, 2009 (Note 1)

	Canada	Argentina	Total
Interest revenue	358	-	358
Foreign exchange gains	4,400	-	4,400
Depreciation expense	-	4,260	4,260
Share-based payment expense	560,625	60,375	621,000
Loss before tax	1,157,490	184,066	1,341,556
Tax expense	-	-	-

Lithium Americas Corp.

Notes to the condensed consolidated interim financial statements

November 30, 2010

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4. Share-based payments

Share options granted under the employee option plan

November 30, 2010:

Options	Date of grant	Expiry no later than	Number of options	Vested Number Expensed	Exercise price	Fair value per option	Cumulative fair value expensed / capitalized	Exercised
Expensed	4-Aug-09	4-Aug-14	1,800,000	1,800,000	\$ 0.50	\$ 0.35	\$ 621,000	224,500
Expensed	1-Dec-09	1-Dec-14	225,000	225,000	\$ 1.50	\$ 1.29	\$ 290,506	Nil
Expensed	25-Jan-10	25-Jan-15	400,000	252,786	\$ 1.50	\$ 1.23	\$ 372,722	Nil
Expensed	13-May-10	13-May-15	1,400,000	1,008,677	\$ 1.85	\$ 1.35	\$ 1,362,345	Nil
Expensed	21-Jun-10	21-Jun-15	200,000	111,051	\$ 1.85	\$ 1.12	\$ 136,917	Nil
Expensed	12-Jul-10	12-Jul-15	200,000	105,297	\$ 1.85	\$ 0.90	\$ 108,006	Nil
Expensed	23-Sep-10	23-Sep-15	825,000	351,849	\$ 1.73	\$ 0.90	\$ 365,088	Nil
Expensed	19-Oct-10	19-Oct-15	50,000	19,544	\$ 1.85	\$ 0.97	\$ 21,979	Nil
Expensed	16-Nov-10	16-Nov-15	250,000	11,993	\$ 1.49	\$ 0.75	\$ 9,739	Nil
			<u>5,350,000</u>	<u>3,886,197</u>			<u>\$ 3,288,302</u>	<u>224,500</u>
Capitalized	4-Aug-09	4-Aug-14	700,000	700,000	\$ 0.50	\$ 0.35	\$ 241,500	75,000
Capitalized	25-Jan-10	25-Jan-15	175,000	110,594	\$ 1.50	\$ 1.23	\$ 171,487	Nil
Capitalized	23-Sep-10	23-Sep-15	100,000	42,648	\$ 1.73	\$ 0.90	\$ 44,253	Nil
			<u>975,000</u>	<u>853,242</u>			<u>\$ 457,240</u>	<u>75,000</u>
			<u>6,325,000</u>	<u>4,739,439</u>			<u>\$ 3,745,542</u>	<u>299,500</u>

February 28, 2010:

Options	Date of grant	Expiry no later than	Number of options	Vested	Exercise price	Fair value per option	Cumulative fair value expensed / capitalized	Exercised / Expired
Expensed	4-Aug-09	4-Aug-14	1,800,000	1,800,000	\$ 0.50	\$ 0.35	\$ 621,000	Nil
Expensed	1-Dec-09	1-Dec-14	225,000	225,000	\$ 1.50	\$ 1.29	\$ 290,506	Nil
Expensed	25-Jan-10	25-Jan-15	375,000	143,751	\$ 1.50	\$ 0.88	\$ 126,314	Nil
			<u>2,400,000</u>	<u>2,168,751</u>			<u>\$ 1,037,820</u>	
Capitalized	4-Aug-09	4-Aug-14	700,000	700,000	\$ 0.50	\$ 0.35	\$ 241,500	Nil
Capitalized	25-Jan-10	25-Jan-15	200,000	76,671	\$ 1.50	\$ 0.88	\$ 67,370	Nil
			<u>900,000</u>	<u>776,671</u>			<u>\$ 308,870</u>	
			<u>3,300,000</u>	<u>2,945,422</u>				

During the nine months ended November 30, 2010, the Company granted 1,400,000 options to directors at an exercise price of \$1.85 with an expiry date of May 13, 2015; 200,000 options to a director at an exercise price of \$1.85 expiring June 21, 2015; 200,000 options to a director at an exercise price of \$1.85 expiring July 12, 2015; 925,000 options to directors, officers and a consultant at an exercise price of \$1.73 expiring September 23, 2015; 50,000 options to a director at an exercise price of \$1.85 expiring October 19, 2015; and 250,000 options to an officer at an exercise price of \$1.49 expiring November 16, 2015. The fair value of the options granted in the nine months ended November 30, 2010 was estimated at \$1.35, \$1.12, \$0.90, \$0.90, \$0.97, and \$0.75, respectively, at the grant date using the Black-Scholes option pricing method.

Lithium Americas Corp.

Notes to the condensed consolidated interim financial statements

November 30, 2010

in Canadian dollars, except where otherwise stated (unaudited)

4. Share-based payments (continued)

The volatility used was 115%, 140%, 131%, 102%, 103%, and 100%, respectively, which was calculated on available trading data for the company and a comparison to that of a peer group of Canadian junior venture exchange (TSX-V) companies for up to three years preceding the grant. The risk free rate used was 2.51%, 1.81%, 1.89%, 1.44%, 1.32%, and 1.54%, respectively, and was obtained using the one to five year Government of Canada bond rates. As no dividends are anticipated over the term, expected dividends of nil was input into the model. It was anticipated that the options would be exercised within 3.5 years of the grant date for options issued on May 13, 2010, June 21, 2010, and July 12, 2010, 3.0 years of the grant date for options issued on September 23, 2010 and October 19, 2010, and 2.5 years of the grant date for options issued on November 16, 2010. The expected useful lives were derived based on anticipated behaviour relative to anticipated market conditions for the various groups of option recipients.

Options granted prior to January 25, 2010 were fully vested. The options granted that expire on January 25, 2015, May 13, 2015, June 21, 2015, July 12, 2015, September 23, 2015 and October 19, 2015 were issued pursuant to the Company's employee stock option plan and vest in 3 equal tranches, with the first tranche vesting immediately, the second tranche vesting twelve months from the date of grant, and the third tranche vesting twenty-four months from the date of grant. The options granted that expire on November 16, 2015 vest in 3 equal tranches, with the first tranche vesting 6 months from the date of grant, and the remaining tranches vesting twelve and twenty-four months from the date of grant.

Employee options and warrants have an anti-dilutive effect on the diluted loss per share disclosed in the consolidated income statement and therefore were not included in the diluted earnings per share calculation.

Lithium Americas Corp.

Notes to the condensed consolidated interim financial statements

November 30, 2010

in Canadian dollars, except where otherwise stated (unaudited)

5. Property, plant and equipment

	Office furniture	Geological and communications equipment	Vehicles	Total
	\$	\$	\$	\$
Cost				
Additions	2,210	194,610	227,539	424,359
Effect of foreign exchange differences	-	(9,796)	(11,590)	(21,386)
Balance as at February 28, 2010	2,210	184,814	215,949	402,973
Additions	9,284	355,614	215,731	580,629
Effect of foreign exchange differences	(140)	(16,616)	(16,399)	(33,155)
Disposals	-	-	(50,959)	(50,959)
Effect of foreign exchange differences	-	-	1,104	1,104
As at November 30, 2010	11,354	523,812	365,426	900,592
Accumulated depreciation				
Depreciation expense	(184)	(16,354)	(13,711)	(30,249)
Effect of foreign exchange differences	-	829	697	1,526
Balance as at February 28, 2010	(184)	(15,525)	(13,014)	(28,723)
Depreciation expense	(968)	(117,501)	(81,920)	(200,389)
Effect of foreign exchange differences	7	2,090	1,775	3,872
As at November 30, 2010	(1,145)	(130,936)	(93,159)	(225,240)
Carrying amount				
As at February 28, 2010	2,026	169,289	202,935	374,250
As at November 30, 2010	10,209	392,876	272,267	675,352

The following useful lives were determined:

Office furniture	10 years
Geological and communications equipment	3 years
Vehicles	3 years

Lithium Americas Corp.

Notes to the condensed consolidated interim financial statements

November 30, 2010

in Canadian dollars, except where otherwise stated (unaudited)

6. Property rights and exploration costs

Cauchari salt lake lithium project	Note	Property rights	Exploration	Total
		\$	\$	\$
Property rights and exploration costs acquired by way of the following consideration				
Cash and note payable		1,831,812	6,985,328	8,817,140
Shares issued	11	1,197,000	-	1,197,000
Share-based payments	4	-	308,870	308,870
Effect of foreign currency exchange differences		(154,280)	(279,441)	(433,721)
Carrying value as at February 28, 2010		2,874,532	7,014,757	9,889,289
Additions during the period acquired by way of the following consideration:				
Cash		1,400,432	16,610,043	18,010,475
Shares issued	4	-	148,370	148,370
Effect of foreign currency exchange differences		(196,414)	(585,584)	(781,998)
Total property rights and exploration costs as at November 30, 2010		4,078,550	23,187,586	27,266,136

7. Other assets

	November 30, 2010	February 28, 2010
	\$	\$
Accounts receivable	13,348	12,285
Harmonized sales tax recoverable	162,667	66,573
Deposits and prepaid expenses	122,198	159,033
Total other assets	298,213	237,891

8. Issued capital, warrants and shareholder options

The Company has authorized an unlimited number of common shares and an authorized limit of 1 special share. At November 30, 2010 the Company had 73,823,900 common shares outstanding (February 28, 2010 – 49,200,000) and 1 special share outstanding (February 28, 2010 - 1).

Common shares with no par value carry one vote per share and carry a right to dividends. The special share gives its holder the right to representation on the board of directors but carries no other voting powers. The special share is redeemable by the Company if the shareholders' interest in the outstanding common shares of the Company falls below 9.9% in certain circumstances.

Share issuance costs of \$3,121,406 (\$1,750,249 cash and \$1,371,157 representing the fair value of the 2,825,620 warrants issued to brokers) were incurred in regards to the private placements during the period from April 28, 2009 (date of incorporation) to February 28, 2010. Share issuance costs of \$4,919,261 (\$3,669,011 cash and \$1,250,250 representing the fair value of the 1,538,483 warrants issued to brokers) were incurred during the nine months ended November 30, 2010.

Lithium Americas Corp.

Notes to the condensed consolidated interim financial statements

November 30, 2010

in Canadian dollars, except where otherwise stated (unaudited)

8. Issued capital, warrants and shareholder options (continued)

Warrants

	November 30, 2010	February 28, 2010
	\$	\$
7,864,103 warrants (February 28, 2010 - 6,325,620 warrants)	7,865,860	6,615,610
150,000 shareholder options	58,950	58,950
Total warrants and shareholder options	7,924,810	6,674,560

- (i) At November 30, 2010 there were 3,500,000 (February 28, 2010 – 3,500,000) warrants outstanding to acquire common shares held by shareholders.

Number of warrants	Date of grant	Expiry	Exercise price	Volatility	Risk free interest rate	Fair value
			\$			\$
3,500,000	23-Dec-09	13-May-12	2.00	295.1%	2.30%	1.50

The risk free interest rate of 2.3% was obtained using the 3-5 year Government of Canada bond rate. It is anticipated that the warrants would be held to term based on anticipated market behaviour.

- (ii) At November 30, 2010 there were 4,364,103 (February 28, 2010 - 2,825,620) warrants outstanding to acquire common shares that were issued to brokers as compensation for share transactions:

Number of warrants	Date of grant	Expiry	Exercise price	Volatility	Risk free interest rate	Fair value
			\$			\$
1,050,000	14-Jul-09	13-May-11	0.15	150%	1.20%	0.10
1,200,000	1-Sep-09	13-May-11	0.50	203%	1.20%	0.39
383,747	23-Dec-09	13-May-11	1.50	295%	1.20%	1.35
191,873	23-Dec-09	13-May-12	2.00	295%	1.20%	1.44
1,538,483	13-May-10	13-May-12	1.85	115%	1.62%	0.81
4,364,103						

The risk free interest rate of 1.62% for broker warrants issued on May 13, 2010 was obtained using the 1 - 3 year Government of Canada bond rate. It was anticipated that the warrants would be exercised on average one year from the grant date. This assumption was based on anticipated behaviour relative to anticipated market conditions.

The risk free interest rate of 1.2% for broker warrants issued during the period from April 28, 2009 (date of incorporation) to February 28, 2010 was obtained using the 1 year Government of Canada bond rate. It was anticipated that the warrants would be exercised on average between 12-18 months from the grant date, depending on the grant date. This assumption was based on anticipated behaviour relative to anticipated market conditions.

The expiry date for the warrants varies from one to two years from the date of the Company's initial public offering ("IPO"). The expiry date has been updated in these condensed consolidated interim financial statements as it became a known date as of May 13, 2010.

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8. Issued capital, warrants and shareholder options (continued)

Valuation model

The weighted average fair value of each warrant at the grant date was determined by using the Black Scholes model. The volatility used was calculated on available trading data of the Company and comparison to that of a peer group of Canadian junior venture exchange (TSX-V) companies for up to three years preceding the grant date. As no dividends are anticipated over the term, an expected dividend of nil was used in the model.

Shareholder options

Shareholder options granted carry no rights to dividends and no voting rights.

Effect on diluted earnings per share

Shareholder options and warrants have an anti-dilutive effect on the diluted loss per share disclosed in the consolidated income statement and therefore were not included in the diluted earnings per share calculation.

9. Related party transactions

During the period, the Company shared bookkeeping and management resources with Latin American Minerals Inc ("LAT"), a shareholder, and paid a management fee to LAT to cover its proportionate share of expenses. These transactions were in the ordinary course of business and the amounts were mutually agreed upon between the parties. In the nine months ended November 30, 2010 the costs paid to LAT representing shared facilities and administrative staff amounted to \$74,217 (2009 - \$10,700). LAT ceased to be a related party subsequent to November 30, 2010.

PowerOne Capital Markets Limited ("PowerOne") is a related party because one of its officers is a director of the Company. Cash in the amount of \$440,150 and 237,919 broker warrants were paid and issued, respectively, to PowerOne during the nine month period ended November 30, 2010 (2009 - \$126,000 and 1,050,000 broker warrants) as consideration for registered exempt market dealer services in connection with the Company's IPO.

During the period, the Company employed a construction company, Magna Construcciones, related to a director of the Company. The company was contracted for \$1,307,559 during the nine months ended November 30, 2010 (2009 – nil) of which \$232,877 was included in due to related parties (2009 - nil). These transactions were in the normal course of business and were measured at the exchange amount established and agreed to by the related parties.

Due to related parties

	November 30, 2010	February 28, 2010
	\$	\$
Gowling Lafleur and Henderson LLP	-	40,000
Magna Construcciones	232,877	-
LAT Argentina	-	89,537
Due to directors	97,033	459
Total due to related parties	329,910	129,996

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9. Related party transactions (continued)

Compensation of key management personnel

	For the nine months ended November 30, 2010 \$	For the period from April 28, 2009 (date of incorporation) to November 30, 2009 \$
Employee benefits expense	451,378	142,248
Share-based payments	1,791,360	149,450
Total compensation of key management personnel	2,242,738	291,698

10. Commitments for expenditure

As at November 30, 2010 (in US dollars):

	Not later than 1 year \$	Later than 1 year and not later than 5 years \$	Total \$
Commitments for:			
Maintenance and acquisition of property rights	1,190,000	1,880,000	3,070,000
Total commitments for expenditure	1,190,000	1,880,000	3,070,000

Commitments contingent on future events

The following commitments are contingent on future events and are not disclosed in the table above:

A further US\$300,000 (Cdn\$313,050) is contingent upon commencement of production.

In addition, an original vendor of a property is entitled to 3% of net mining profits from production on the property which right may be bought out by the Company by the payment of US\$7,000,000 (Cdn\$7,458,500) at any time.

Upon exercise of an option to acquire a property in 2012, an annual royalty of US\$200,000 (Cdn\$213,300) will become payable.

11. Non-cash transactions

The Company entered into the following non-cash investing and financing activities which are not reflected in the statement of cash flows:

- The acquisition of property rights and exploration costs by the issue of share capital with an aggregate value of \$1,197,000 in the period ended February 28, 2010.
- In the nine months ended November 30, 2010 the capitalization of share-based payment amounts to the property rights and exploration costs balance in the amount of \$148,370 (February 28, 2010 - \$308,870). Refer to note 4 and 6 for further information.

12. Supplemental cash flow information

During the nine months ended November 30, 2010 the Company made cash payments for Argentine taxes of \$176,064 (2009 - nil); which are potentially recoverable. The Company had no interest payments in either period.

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Notes to the condensed consolidated interim financial statements

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13. Risk management

Foreign currency risk management

Cash and cash equivalents comprise cash at banks and on hand, and short term money market instruments with an original maturity of three months or less, which are readily convertible into a known amount of cash. As at November 30, 2010, the cash and cash equivalent balance was \$30,763,862 (February 28, 2010 - \$9,064,023). The majority of the increase during the year-to-date period was a result of the Company completing its IPO. The Company's cash and cash equivalents are denominated in the following currencies:

	November 30, 2010	February 28, 2010
	\$	\$
Denominated in Canadian dollars	29,570,554	8,106,282
Denominated in US dollars	55,956	639,162
Denominated in Argentine pesos	1,137,352	318,579
Cash and cash equivalents	30,763,862	9,064,023

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed by maintaining low levels of foreign currencies and related obligations. The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period, in Canadian dollars is:

	Assets	Liabilities
	\$	\$
Argentine pesos	1,150,700	2,123,507
US dollars	55,956	-

Based on the above balances, had the Canadian Dollar strengthened/weakened by 5% against the Argentine peso, the Company's equity/deficit would have been \$48,640 higher/lower. If the Canadian Dollar strengthened/weakened by 5% against the United States of America dollar, the Company's equity/deficit would have been \$2,800 higher/lower.

Interest rate risk management

The Company's overall exposure to the risk of changes in market interest rates relates primarily to its bank balances. As at November 30, 2010, the Company had \$30,763,862 (February 28, 2010 - \$9,064,023) invested in reputable financial institutions' deposits and debt instruments earning interest at an average fixed rate of 1% per annum.

Credit risk management

The Company's main credit risk arises from its cash deposits with banks. The Company limits its counterparty credit risk on its deposits by dealing only with financial institutions with extremely high credit ratings.

14. Subsidiary

At November 30, 2010 and February 28, 2010 the Company had a 100% ownership in its subsidiary, Minera Exar S.A. The subsidiary is incorporated in Argentina and its principal activity is exploration and development of mineral properties.

15. Subsequent events

Subsequent to November 30, 2010 and up to January 13, 2010 options to acquire 320,000 common shares at \$0.50 per share were exercised.