

Condensed consolidated interim financial statements of

Lithium Americas Corp.

August 31, 2010

(Unaudited)

Lithium Americas Corp.

August 31, 2010

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Lithium Americas Corp.

Condensed consolidated interim income statements

(in Canadian dollars - unaudited)

		Three months ended August 31, 2010	Three months ended August 31, 2009	Six months ended August 31, 2010	For the period from April 28, 2009 (date of incorporation) to August 31, 2009 (Note 1)
	Notes	\$	\$	\$	\$
Investment revenue		52,528	79	66,062	79
Net foreign exchange gains (losses)		(140,431)	(24,153)	8,090	(24,153)
Employee benefits expense		(170,608)	(170,553)	(320,888)	(170,553)
Professional fees		(160,637)	(123,372)	(324,701)	(123,372)
Administrative expense		(237,329)	(171,616)	(573,576)	(171,616)
Consulting expense		(70,338)	(10,935)	(106,648)	(10,935)
Share-based payment expense	4	(479,396)	(219,600)	(1,620,984)	(219,600)
Depreciation expense	5	(73,100)	-	(123,893)	-
Loss before tax		(1,279,311)	(720,150)	(2,996,538)	(720,150)
Tax expense - current		(64,403)		(119,679)	
Loss for the period		(1,343,714)	(720,150)	(3,116,217)	(720,150)
Loss per share, basic and diluted		(0.02)	(0.50)	(0.05)	(0.05)
Weighted average number of shares outstanding		73,527,204	14,761,600	63,743,299	14,761,600

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

Lithium Americas Corp.

Condensed consolidated interim statements of comprehensive loss

(in Canadian dollars - unaudited)

	Three months ended August 31, 2010	Three months ended August 31, 2009	Six months ended August 31, 2010	For the period from April 28, 2009 (date of incorporation) to August 31, 2009 (Note 1)
	\$	\$	\$	\$
Loss for the period	(1,343,714)	(720,150)	(3,116,217)	(720,150)
Other comprehensive loss				
Foreign exchange difference on translating foreign operations				
Foreign exchange differences arising during the period	207,352		(125,379)	
Total comprehensive loss for the period	(1,136,362)	(720,150)	(3,241,596)	(720,150)

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 August 31, 2010 and February 28, 2010

(in Canadian dollars - unaudited)

		August 31, 2010	February 28, 2010
	Notes	\$	\$
Assets			
Non-current assets			
Property, plant and equipment	5	767,533	374,250
Property rights and exploration costs	6	22,195,381	9,889,289
Total non-current assets		22,962,914	10,263,539
Current assets			
Cash and cash equivalents		37,492,044	9,064,023
Other assets	7	228,481	237,891
Total current assets		37,720,525	9,301,914
Total assets		60,683,439	19,565,453
Equity and liabilities			
Capital and reserves			
Issued capital	8	52,934,099	12,845,192
Warrants and shareholder options	8	7,924,810	6,674,560
Reserves		2,637,250	1,067,672
Deficit		(5,741,816)	(2,625,599)
Total equity		57,754,343	17,961,825
Current liabilities			
Accounts payable and accrued liabilities		2,612,740	1,473,632
Due to related parties	9	316,356	129,996
Total current liabilities		2,929,096	1,603,628
Total liabilities		2,929,096	1,603,628
Total equity and liabilities		60,683,439	19,565,453
Commitments for expenditure	10		

Approved by the Board of Directors on October 15, 2010

"David D'Onofrio" Director

"Douglas Reeson" 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	Share 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 August 31, 2010		-	-	-	-	(3,116,217)	(3,116,217)
Other comprehensive loss for the period		-	-	-	(125,379)	-	(125,379)
		12,845,192	6,674,560	1,346,690	(404,397)	(5,741,816)	14,720,229
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		8,028	-	(3,278)	-	-	4,750
Recognition of share-based payments - expensed	4	-	-	1,620,984	-	-	1,620,984
Recognition of share based-payments - capitalized	4 & 8	-	-	77,251	-	-	77,251
Balance as at August 31, 2010		52,934,099	7,924,810	3,041,647	(404,397)	(5,741,816)	57,754,343
Opening balance, April 28, 2009		-	-	-	-	-	-
Loss for the period ended August 31, 2009		-	-	-	-	(720,150)	(720,150)
Issue of ordinary shares for mineral rights for exploration		1,062,000	-	-	-	-	1,062,000
Issue of ordinary shares, and warrants for cash		1,904,769	-	-	-	-	1,904,769
Issue of broker warrants		-	78,960	-	-	-	78,960
Share issue costs - broker warrants issued		(78,960)	-	-	-	-	(78,960)
Share issue costs - paid in cash		(18,539)	-	-	-	-	(18,539)
Recognition of share based payments - expensed		-	-	219,600	-	-	219,600
Recognition of share based payments - capitalized		-	-	85,400	-	-	85,400
Balance as at August 31, 2009		2,869,270	78,960	305,000	-	(720,150)	2,533,080

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 August 31, 2010	Three months ended August 31, 2009	Six months ended August 31, 2010	For the period from April 28, 2009 (date of incorporation) to August 31, 2009 (Note 1)
	\$	\$	\$	\$
Cash flows from operating activities				
Loss for the period	(1,343,714)	(720,150)	(3,116,217)	(720,150)
Net foreign exchange gains (losses)	140,431	-	(8,090)	-
Depreciation expense	73,100	-	123,893	-
Expense recognized in respect of equity-settled shared-based payments expense	479,396	219,600	1,620,984	219,600
	(650,787)	(500,550)	(1,379,430)	(500,550)
Movements in working capital				
Decrease in other assets	(91,314)	(85,251)	9,410	(85,251)
Increase in accounts payable and accrued liabilities	547,024	892,112	1,139,109	892,112
Increase in amounts due to related parties	(138,968)	80,673	186,360	80,673
Net cash (used in) generated from operations	(334,045)	386,984	(44,551)	386,984
Cash flows from investing activities				
Purchase of property, plant and equipment	(191,704)	-	(513,226)	-
Acquisition of property rights and exploration costs	(6,254,736)	(1,490,561)	(12,108,711)	(1,490,561)
Net cash used in investing activities	(6,446,440)	(1,490,561)	(12,621,937)	(1,490,561)
Cash flows from financing activities				
Proceeds from share subscriptions	-	2,022,643	-	2,073,000
Proceeds from the issuance of shares (initial public offering)	-	-	45,000,140	-
Exercise of stock options	3,500	-	4,750	-
Share issuance costs	(69,085)	(186,770)	(3,669,011)	(186,770)
Net cash (used in) generated by financing activities	(65,585)	1,835,873	41,335,879	1,886,230
Net increase in cash and cash equivalents	(6,846,070)	732,296	28,669,391	782,653
Effects of exchange rate changes on the balance of cash held in foreign currencies	(129,212)	-	(241,370)	-
Cash and cash equivalents at the beginning of the period	44,467,326	50,357	9,064,023	-
Cash and cash equivalents at the end of the period	37,492,044	782,653	37,492,044	782,653
Cash	37,315,165	782,563	37,315,165	782,563
Money market instruments	176,879	-	176,879	-
Cash and cash equivalents at the end of the period	37,492,044	782,563	37,492,044	782,563
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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

August 31, 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 includes 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 October 15, 2010.

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.

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:

Lithium Americas Corp.

Notes to the condensed consolidated interim financial statements

August 31, 2010

in Canadian dollars, except where otherwise stated (unaudited)

3. Segment information (continued)

	As at and for the six months ended August 31, 2010		
	Canada	Argentina	Total
	\$	\$	\$
Non-current assets	1,485,316	21,477,598	22,962,914
Current assets	36,548,167	1,172,358	37,720,525
Current liabilities	330,502	2,598,594	2,929,096
Investment revenue	65,345	717	66,062
Net foreign exchange losses	8,090		8,090
Depreciation expense	13,408	110,485	123,893
Share-based payment expenses	1,609,948	11,036	1,620,984
Loss before tax	2,658,193	458,024	3,116,217
Tax expense	-	119,679	119,679

	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 August 31, 2009 (Note 1)		
	Canada	Argentina	Total
Interest revenue	79	-	79
Net foreign exchange losses	16,568	7,585	24,153
Depreciation expense	-	-	-
Share-based payment expenses	198,950	20,650	219,600
Loss before tax	642,238	77,912	720,150
Tax expense	-	-	-

Lithium Americas Corp.

Notes to the condensed consolidated interim financial statements

August 31, 2010

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4. Share-based payments

Share options granted under the employee option plan

August 31, 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	Expired
Expensed	4-Aug-09	4-Aug-14	1,790,500	1,790,500	\$ 0.50	\$ 0.345	\$ 617,722	9,500	Nil
Expensed	1-Dec-09	1-Dec-14	225,000	225,000	\$ 1.50	\$ 1.291	\$ 290,506	Nil	Nil
Expensed	25-Jan-10	25-Jan-15	375,000	244,451	\$ 1.50	\$ 1.232	\$ 314,589	Nil	Nil
Expensed	13-May-10	13-May-15	1,400,000	884,020	\$ 1.85	\$ 1.350	\$ 1,194,060	Nil	Nil
Expensed	21-Jun-10	21-Jun-15	200,000	86,119	\$ 1.85	\$ 1.120	\$ 153,560	Nil	Nil
Expensed	12-Jul-10	12-Jul-15	200,000	80,366	\$ 1.85	\$ 0.900	\$ 88,367	Nil	Nil
			<u>4,190,500</u>	<u>3,310,456</u>			<u>\$ 2,658,804</u>	<u>9,500</u>	
Capitalized	4-Aug-09	4-Aug-14	700,000	700,000	\$ 0.50	\$ 0.345	\$ 241,500	Nil	Nil
Capitalized	25-Jan-10	25-Jan-15	200,000	118,929	\$ 1.50	\$ 1.232	\$ 144,621	Nil	Nil
			<u>900,000</u>	<u>818,929</u>			<u>\$ 386,121</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	\$ 0.345	\$ 621,000	Nil
Expensed	1-Dec-09	1-Dec-14	225,000	225,000	\$ 1.50	\$ 1.291	\$ 290,506	Nil
Expensed	25-Jan-10	25-Jan-15	375,000	143,751	\$ 1.50	\$ 0.879	\$ 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	\$ 0.345	\$ 241,500	Nil
Capitalized	25-Jan-10	25-Jan-15	200,000	76,671	\$ 1.50	\$ 0.879	\$ 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 six months ended August 31, 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 were granted to a director at an exercise price of \$1.85 expiring June 21, 2015 and an additional 200,000 options were granted to a director at an exercise price of \$1.85 expiring July 12, 2015. The fair value of the options granted in the six months ended August 31, 2010 was estimated at \$1.35, \$1.12 and \$0.90 respectively at the grant date using the Black-Scholes option pricing method. The volatility used was 130%, 140% and 131% respectively which was calculated by comparison to that of a peer group of Canadian junior venture exchange (TSX-V) companies for the year preceding the grant. The risk free rate used was 2.51%, 1.81% and 1.89% 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, based on anticipated behaviour relative to anticipated market conditions.

Lithium Americas Corp.

Notes to the condensed consolidated interim financial statements

August 31, 2010

in Canadian dollars, except where otherwise stated (unaudited)

4. Share-based payments (continued)

Options granted prior to January 25, 2010 were fully vested. The options granted that expire on January 25, 2015 and 1,400,000 options expiring May 13, 2015 to July 12, 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. 400,000 options granted that expire May 13, 2015 vested immediately due to provisions within the employee stock option plan.

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.

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	8,252	285,369	219,605	513,226
Effect of foreign exchange differences	88	3,576	2,491	6,155
As at August 31, 2010	10,550	473,759	438,045	922,354
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	(547)	(70,635)	(52,711)	(123,893)
Effect of foreign exchange differences	(4)	(1,149)	(1,052)	(2,205)
As at August 31, 2010	(735)	(87,309)	(66,777)	(154,821)
Carrying amount				
As at February 28, 2010	2,026	169,289	202,935	374,250
As at August 31, 2010	9,815	386,450	371,268	767,533

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

August 31, 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		892,055	11,216,656	12,108,711
Share-based payments	4	-	77,251	77,251
Effect of foreign currency exchange differences		(8,985)	129,115	120,130
Total property rights and exploration costs as at August 31, 2010		3,757,602	18,437,779	22,195,381

7. Other assets

	August 31, 2010	February 28, 2010
	\$	\$
Accounts receivable	17,294	12,285
Goods and services tax recoverable	108,217	66,573
Deposits and prepaid expenses	102,970	159,033
Total other assets	228,481	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 August 31, 2010 the Company had 73,533,900 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 shareholder's 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 1,538,483 warrants issued to brokers) were incurred during the six months ended August 31, 2010.

Lithium Americas Corp.

Notes to the condensed consolidated interim financial statements

August 31, 2010

in Canadian dollars, except where otherwise stated (unaudited)

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

Warrants and shareholder options comprise:

	August 31, 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

Warrants

At August 31, 2010 there were 3,500,000 (February 28, 2010 – 3,500,000) warrants outstanding to acquire common shares that are held by shareholders.

3,500,000	23-Dec-09	13-May-12	\$	2.00	295.1%	2.30%	\$	1.50
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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 behavior.

At August 31, 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 during the six months ended August 31, 2010 was obtained using the one to three 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.

Lithium Americas Corp.

Notes to the condensed consolidated interim financial statements

August 31, 2010

in Canadian dollars, except where otherwise stated (unaudited)

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 by comparison to that of a peer group of Canadian junior venture exchange (TSX-V) companies for the year 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. All options are fully vested as at August 31, 2010.

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 six months ended August 31, 2010, the costs paid to LAT representing shared facilities and administrative staff amounted to \$47,434 (August 31, 2009 -\$2,675).

PowerOne Capital Market 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 six month period ended August 31, 2010 (August 31, 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 \$1,288,123 during the six months ended August 31, 2010 (August, 2009 – nil) of which \$261,689 was included in due to related parties (August 31, 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:

	August 31, 2010	February 28, 2010
	\$	\$
Gowling Lafleur and Henderson LLP	-	40,000
Magna Construcciones	261,689	
LAT Argentina	-	89,537
Due to directors	54,667	459
Total due to related parties	316,356	129,996

Compensation of key management personnel:

	For the six months ended August 31, 2010	From April 28, 2009 (date of Incorporation) to August 31, 2009
	\$	\$
Employee benefits expense	218,576	142,248
Share-based payments	1,165,699	149,450
Total compensation of key management personnel	1,384,275	291,698

Lithium Americas Corp.

Notes to the condensed consolidated interim financial statements

August 31, 2010

in Canadian dollars, except where otherwise stated (unaudited)

10. Commitments for expenditure

As at August 31, 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	1,175,000	1,610,000	2,785,000
Total commitments for expenditure	1,175,000	1,610,000	2,785,000

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 six months ended August 31, 2010 the capitalization of share-based payment amounts to the property rights and exploration costs balance in the amount of \$77,251 (February 28, 2010 - \$308,870). Refer to note 4 and 6 for further information.

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12. Supplemental cash flow information

During the six months ended August 31, 2010 the Company made cash payments for Argentine taxes of \$119,679 (August 31, 2009 - nil); which are potentially recoverable. The Company had no interest payments in either period.

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 August 31, 2010, the cash and cash equivalent balance was \$37,492,044 (February 28, 2010 - \$9,064,023). The majority of the increase during the period was a result of the Company completing its IPO. The Company's cash and cash equivalents are denominated in the following currencies:

	August 31, 2010	As at February 28, 2010
	\$	\$
Denominated in Canadian dollars	35,995,680	8,106,282
Denominated in US dollars	373,288	639,162
Denominated in Argentine pesos	1,123,076	318,579
Cash and cash equivalents	37,492,044	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	1,916,907	2,598,594
United States of America dollars	373,582	-

Based on the above balances, had the Canadian Dollar strengthened/weakened by 5% against the Argentine peso, the Company's equity would have been \$34,000 higher/lower. If the Canadian Dollar strengthened/weakened by 5% against the United States of America dollar, the Company's equity and deficit would have been \$18,500 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 August 31, 2010, the Company has \$176,879 (February 28, 2010 - \$160,000) in term deposits earning interest at an average fixed rate of 0.20% per annum. As at August 31, 2010, the Company has a cash balance of \$37,315,165 (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.

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Notes to the condensed consolidated interim financial statements

August 31, 2010

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13. Risk management (continued)

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 August 31, 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 August 31, 2010 options to acquire 247,500 common shares at \$0.50 per share were exercised.
- On September 23, 2010 the board approved the grant of 925,000 options to employees and directors of the Company according to the terms of the employee stock option plan. The options are exercisable at a price of \$1.73 and expire on September 23, 2015.
- On October 13, 2010 the board approved the grant of 50,000 options according to the terms of the employee stock option plan. The option exercise price will be the closing price of the stock on October 19, 2010.