

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Lithium Americas Corp. ("Lithium Americas" or the "Company") as at August 31, 2010 and for the three and six months ended August 31, 2010. The comparative periods are April 28, 2009 (date of incorporation) to August 31, 2009 and from May 31, 2009 to August 31, 2009.

This MD&A should be read in conjunction with the condensed consolidated unaudited interim financial statements of the Company for the three and six months ended August 31, 2010 including the supporting notes, and the audited financial statements for the period ending February 28, 2010, including the supporting notes and the related MD&A.

These condensed consolidated unaudited interim financial statements have been prepared using accounting policies in accordance with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard 34 ("IAS 34") – Interim Financial Reporting. All amounts are expressed in Canadian dollars, unless otherwise identified. The date of this management's discussion and analysis is October 15, 2010.

Company Overview

Lithium Americas Corp. is a Canadian-based resource company focused on the exploration and development of lithium, potassium, borax and other mineral resources in South America. The Company was incorporated on April 28, 2009 and became publicly traded on May 13, 2010. The Company trades on the Toronto Stock Exchange under the symbol LAC. All of the Company's exploration and development properties are currently located in Argentina. The Company has one subsidiary, Minera Exar S.A., which is incorporated under the laws of Argentina. The Company holds its rights to the exploration and development properties through Minera Exar S.A.

The Company's principal and most advanced property (the "Cauchari-Olaroz Properties") comprises a significant portion of two adjacent Argentinean salt lakes, Cauchari and Olaroz, covering 43,623 hectares ("ha") located in the Puna Plateau. The Puna Plateau is the most prolific lithium brine region globally, hosting approximately 84 percent of the world's lithium brine reserves. In total, Lithium Americas controls a land package totalling 125,992 ha in this prolific region.

In February 2010, the Company filed a NI 43-101 compliant technical report with the Canadian regulatory authorities that identified an inferred in situ resource estimate of 1.58×10^{12} litres with average grade of 584 mg/L lithium and 4,860 mg/L potassium (equivalent to 4.9 million tonnes of lithium carbonate and 7.7 million tonnes of potassium). Lithium Americas' principal property is one of the largest known lithium brine deposits in the world. The Company believes the Cauchari Project has the potential of developing a world-class lithium deposit in both size and quality. The Company is currently in the process of seeking to upgrade its inferred in situ lithium and potassium resource as set out in its NI 43-101 technical report.

Industry

The global supply of lithium is currently dominated by four companies. Three of the companies (SQM, Chemetall, and FMC Corporation) supply lithium from brines found in the Americas, while Talison Minerals supplies lithium from minerals (hard rock) found in Australia. According to industry sources, the cost of producing lithium compounds from brines is substantially less than from hard rock.

Although lithium currently has many end uses, including ceramics and glass, greases, air treatment, and pharmaceuticals, it is the battery industry that is expected to drive the majority future growth for lithium. Specifically, it is the automobile industry's electrification of the automobile using lithium-ion battery technology for the hybrid, plug-in-hybrid, and electric vehicles that has industry observers forecasting the demand for lithium carbonate to double or potentially triple by the year 2020.

Significant Events

During the six months ended August 31, 2010, and as of the date of this MD&A, the Company achieved a number of important corporate milestones including:

1. On August 26, 2010, Lithium Americas announced that it had completed its advanced exploration program on its Cauchari-Olaroz Properties in Argentina. The Company's 2009 exploration program was focused in the central part of the 43,623 hectares (ha) covering the vast majority of the Cauchari Salar (salt lake) and approximately one third of the Olaroz Salar. The Company's 2010 drilling program included a total of 24 reverse circulation drill holes and 29 diamond drill holes. In total, Lithium Americas' exploration team has drilled an aggregate of 53 holes, totalling 9,899 meters ("m"). Most of the holes were located in and around the area of Cauchari, where the Company's lithium/potassium inferred resource estimate was completed, in order to increase the size and the confidence of the resource. The deepest hole is a diamond drill hole that tested the salar to a depth of 450m and continued encountering salt and sandstones layers which are host layers for lithium/potassium brine.
2. On July 12, 2010, the Company appointed George Pirie to the Company's board of directors. Mr. Pirie is an accomplished mining executive with over 29 years of experience in exploration and production companies. He was previously the President and Chief Executive Officer of Breakwater Resources Ltd and prior to that, he held a series of progressively more senior positions during a distinguished 20 year career at Placer Dome Inc., including Chief Financial Officer, and President and Chief Executive Officer of Placer Dome Canada, and Executive Vice President of Placer Dome Inc. Mr. Pirie has extensive board of director experience having served on a number of boards, including the Mining Association of Canada.
3. On June 14, 2010, the Company announced the appointment of Constantine Karayannopoulos to the Company's board of directors. Mr. Karayannopoulos is President, Chief Executive Officer, and Director of Neo Material Technologies Inc, a TSX listed company and one of the world's largest producers, processors, and developers of neodymium iron boron magnetic powders, rare earths and zirconium based materials and applications. Mr. Karayannopoulos, a Professional Engineer, holds Bachelor and Master of Applied Science degrees in Chemical Engineering.
4. Mitsubishi Corporation ("Mitsubishi") purchased 1,049,084 Common Shares in the Company's IPO. Mitsubishi's ownership position in the Company is approximately 4.1%. Mitsubishi has also negotiated an off-take arrangement with the Company whereby Mitsubishi has an option to purchase up to 12.5% of the Company's lithium and potassium production which, if exercised, would require Mitsubishi to provide certain financial support for the capital costs of the project. Mitsubishi and the Company have also entered into a technical collaboration letter regarding brine study and a memorandum of understanding in regards to the co-development of the Company's lithium project. The specific details of the arrangements with Mitsubishi are described in the Company's prospectus dated May 6, 2010.
5. Magna International Inc., through a wholly-owned subsidiary Symatec Inc. ("Symatec"), purchased 1,081,000 Common Shares in the Company's IPO. Symatec's ownership position in the Company is approximately 13.3%, making Symatec the Company's single largest shareholder. Symatec has negotiated an off-take arrangement with the Company whereby Symatec has an option to purchase up to 25% of the Company's lithium production which, if exercised, would require Symatec to provide certain financial support for the capital costs of the project. The specific details of the arrangements with Symatec are described in the Company's prospectus dated May 6, 2010.
6. On May 13, 2010, the Company completed an Initial Public Offering ("IPO") on the Toronto Stock Exchange. The Company issued 24,324,400 Common Shares at an issue price of \$1.85 per Common Share for gross proceeds to the Company of \$45,000,140.

Operational Developments

During the six months ended August 31, 2010, and prior to the date of this MD&A, the Company announced several significant developments associated with the exploration and development of its principal property.

1. Production well drilling - the Company initiated a large diameter rotary production drilling program with the objective of establishing the aquifer hydrological parameters that will allow the Company to design the production well field. The program, which began mid -August, is expected to be completed at the end

of calendar, 2010 and includes three 17 inch production wells and fifteen 5 ¼ inch piezometric wells used to monitor the production wells as they drain the aquifers.

2. On-site laboratory and pilot scale evaporation facility - the Company opened its on-site pilot evaporation and analytical laboratory facilities in Argentina. Having already defined a process path for the recovery of lithium and potassium from its brine at the laboratory level, Lithium Americas is looking forward to achieving similar positive results at the site. The laboratory facilities have full analytical capabilities to analyze lithium, potassium, magnesium and all relevant elements present in the brine. In addition, the laboratory facilities have produced laboratory scale quantities of lithium carbonate. The evaporation facility has the capability of simulating on a small scale, via successive metal pans sunk in the ground, the evaporation process of a future full scale production facility.
3. ARA WorleyParsons – Lithium Americas engaged ARA WorleyParsons to perform engineering services on the Company’s Cauchari salt lake lithium project in Argentina. ARA WorleyParsons is a professional services engineering firm with extensive mineral, metals, and infrastructure experience in South America. The company has direct experience in designing and building lithium/potassium brine processing facilities.
4. Property Expansion – the Company acquired an additional 6,645 hectares (“ha”), increasing the land package associated with its principal property to 43,623 ha, and increasing its overall land package in the Puna Plateau to 125,992 ha.
5. Completion of Seismic Survey on Company’s Principal Property – the Company completed a 50 kilometre (“km”), high-resolution, 2D seismic tomography survey over its main property area located within the Cauchari salt lake on 12 lines oriented to reconstruct the salt lake basin and identify the brine bearing aquifers. The ability to apply seismic technology to the salt lakes, which was pioneered by the Company, has been highly beneficial in identifying the location of the lithium / potassium brine bearing regions and supported the identification of drill sites for the Company’s current drill program. Interpretation of the seismic data demonstrates the existence of sandy porous brine layers in an area that is at least 4 km in width and 56 km in length, and with a depth in excess of 400 metres (“m”).
6. Positive Air Lift Extraction Test Results—the Company performed preliminary air lift tests in Reverse Circulation (“RC”) holes and in Diamond Drill (“DDH”) holes in order to prove that the aquifer can be pumped. Results, such as from RC hole 20, indicate that between 171m and 201m depth, the aquifer yielded 8.63 litres per second, and between 93m and 165m depth, the aquifer yielded 6.92 litres per second. These rates indicate that the aquifer is not only thick, but has high yields allowing for the extraction of brine from the aquifer.
7. Discovery of Lithium Brine Outside of Previously Defined Inferred Resource Area – the Company drilled RC holes in locations that enabled the Company to obtain lithium / potassium brine results from an area that is approximately double the width (from 2 km to 4 km in width) of the original area used in calculating the inferred resource estimate. Additionally, the new RC holes achieved depths that were, on average, 40 percent greater than the holes used to calculate the inferred resource estimate.
8. Discovery of Highest Lithium Brine Concentration Value to Date – results from RC hole 19 of 946 milligrams per litre lithium over a length of 17 metres represents the highest concentration of lithium in an aquifer discovered to date from the Company’s exploration program.

Company Outlook

The Company has completed its exploration program and is now focused on the development of the Cauchari property resource and advancing the project to final feasibility and commercial operations.

Significant milestones that the Company will be working towards with the goal of achieving commercial production by 2014 include:

Upgraded NI 43-101 technical report and resource estimate (Q4 2010). The Company expects that the upgrade of its 43-101 technical report, filed in February 2010, will be completed during the fourth quarter of 2010 and will provide measured, indicated and inferred resources that will be the basis for the preliminary economic assessment and final feasibility studies that will convert those resources into reserves.

Completion of the production drilling program (Q4 2010). At the conclusion of the program, the Company will have the necessary data to establish the fundamental economic and operational parameters of the project such as pumping rates in the aquifers, number of holes required to enter into production, and estimated production rates. This data will be used to calculate the “extractable reserves” and convert the resource estimation into a reserve estimation by adding economic parameters in the preliminary economic assessment.

Processing route and large test pond construction (Q4 2010). The Company has already identified the processing path for the brine at laboratory scale. now utilizing its own on-site facilities. The Company will re-create the process in order to fine tune the mineral processing parameters at the elevation of the project with the exact climate conditions of the area. The Company has also completed soil studies and will start large test pond construction in the fourth quarter of 2010. The first set of ponds will encompass six ponds measuring 100mx100m each and will be used to upscale the current pilot plant pan tests. The ponds will be filled with the brine from the production wells.

Preliminary economic assessment (Q1 2011). Utilizing the large amount of data obtained through the aforementioned programs, ARA WorleyParsons is expected to deliver a preliminary economic assessment in the first quarter of 2011. ARA WorleyParsons was previously engaged to develop the technology, process engineering, equipment selection, and construction of the world’s largest lithium brine processing facility in Chile. The Company recently appointed Hugo Barrientos as its project engineer manager, with the responsibility of overseeing the Company’s process engineering activities. Mr. Barrientos was previously a chief project engineer at Sociedad Quimica y Minera de Chile S.A.. (“SQM”), the world’s largest producer of lithium, leading the construction and engineering of SQM’s lithium carbonate and lithium hydroxide facilities.

Final Feasibility (Q4 2011). The Company expects to complete final feasibility study by the end of 2011.

Selected Financial Information

The following table sets out selected financial information for the Company and should be read in conjunction with the Company’s condensed consolidated unaudited interim financial statements as at and for the six months ended August 31, 2010, and the audited financial statements as at February 28, 2010 and for the period from April 28, 2009 (date of incorporation) to February 28, 2010:

	As at August 31, 2010 (\$)	As at February 28, 2010 (\$)
Assets		
Current Assets	37,720,525	9,301,914
Total Assets	60,683,439	19,565,453
Liabilities		
Current Liabilities	2,929,096	1,603,628
Total Liabilities	2,929,096	1,603,628
Working Capital	34,791,429	7,698,286
Equity		
Share Capital, warrants and shareholder options	60,858,909	19,519,752
Reserves	2,637,250	1,067,672
Deficit	(5,741,816)	(2,625,599)
Total Equity.....	57,754,343	17,961,825

	As at August 31, 2010 (\$)	As at February 28, 2010 (\$)
	For the six months ended August 31, 2010 (\$)	For the period from Incorp. to August 31, 2009 (\$)
Net Income (Loss)		
Total	(3116,217)	(720,150)
Per Common Share, basic and fully diluted	(0.05)	(0.05)
Weighted average number of shares outstanding	63,743,299	14,761,600
Total comprehensive loss	(3,241,596)	(720,150)

Results of Operations

Summary of Six Month Results

The Company recorded a loss of \$3,116,212 for the six month period ended August 31, 2010. This compared to a loss of \$720,150 for the period from incorporation to August 31, 2009, a period of just over four months. During that four month period the Company was in the initial stages of organization to commence its major project and experienced expenses primarily for just one month in that period. Consequently, the 2010 period experienced dramatically higher expenses in comparison. The major differences include: employee benefit expense was \$292k higher, professional fees approximated \$200k higher, and administrative expenses were more than \$401k higher. The largest variance was in the share-based payment expense which was \$220k in the 2009 period but \$1,753k in the 2010 period which \$1,533 variance was largely created by options granted at the IPO stage of the Company. Tax expenses in the current period were \$120k with no such expense in the compared period and similarly depreciation expense in the current six month period of \$124k had no corresponding expense in the period ending August 31, 2009. As a consequence of raising the majority of its funds in 2010 interest revenue was \$66k higher in 2010, and foreign exchange was \$32k more favourable in 2010. Consulting expense was lower in 2010 by \$46k as in the 2009 period consultants were used prior to addition of employees later in the year to perform similar functions.

Summary of Quarterly Results

The Company was incorporated on April 28, 2009 and did not prepare quarterly financial statements for periods prior to May 31, 2010.

The Company recorded a loss of \$1,343k in the second quarter ended August 31, 2010 which compares to a loss of \$720k in the quarter ended August 31, 2009. Excepting consulting costs, the 2010 period reflected higher costs in all major expense categories as expenses were incurred in each month at reasonably similar levels whereas 2009 experienced significant expenses for one of the three months within the period. Employee benefits costs were \$142k higher, professional fees \$37k higher, administrative expenses \$66k higher, share-based expenses were \$260k higher, depreciation expenses were \$73k higher and tax costs were \$64k higher. Interest earned principally on the balances generated by the IPO were \$52k higher and foreign exchange losses were \$116k higher with the consulting expense being \$83k.

Comparison of the current quarter to the previous quarter (000's)

Expense	Quarter Ended	
	Aug 31 2010	May 31 2010
	\$	\$
Foreign exch. net of int	88	(161)
Employee benefits expense	171	150
Professional fees	161	164
Administrative expense	237	336
Consulting	70	36
Share-based payments	479	1,142
Depreciation	73	51
Tax	64	55
TOTAL	1,343	1,773

The loss for the quarter ended August 31, 2010 was \$402k lower than the previous quarter. The largest contributor to the reduction was a lower share-based payment expense (\$635k). This was partially offset by increased costs of depreciation (\$22k), consulting (\$34k) and employee benefits expense (\$21k) plus foreign exchange net of interest being \$239k higher. A reduction of administrative expenses of \$99k partially offset the other increases.

The following table provides a comparison of administrative expenses for each of the quarters:

Administrative expenses: (000's)

	Aug 31 2010	May 31 2010
	\$	\$
Transfer and exchange	34	202
Trade shows	32	35
Directors fees/expenses	59	4
Bank charges	25	24
Travel/bus. Development	25	20
Office expenses	22	23
Insurance	16	14
Rent	15	14
Other	9	-
TOTAL	237	336

Transfer and exchange fees in the first quarter were significantly higher with the costs associated with the IPO (\$168k); directors fees commenced after the IPO contributing to a \$55k increase; all other differences were minor \$14k.

Capital

At August 31, 2010, the Company had \$37,492k in cash and cash equivalents and \$34,791k in working capital. The Company incurred \$11,423k in exploration expenses for the six months ended August 31, 2010 on the Cauchari-Olaroz Properties.

At February 28, 2010, the Company had \$9,064k in cash and cash equivalents and \$7,698k in working capital. The Company also incurred \$7,015k, in exploration expenses on the Cauchari-Olaroz Properties during the period ended February 28, 2010.

Liquidity

The Company completed an initial public offering on May 13, 2010 and raised net proceeds of \$41,400k (gross proceeds of \$45,000k). Funds expended from incorporation to date were used primarily to acquire and prepare the Cauchari-Olaroz Properties for exploration and commercial investment. As at August 31, 2010 the Company had \$34,791k in working capital. The Company had obligations under the agreement with Grupo Minero Los Boros S.A., a property owner of part of the Cauchari-Olaroz Properties, to make an investment of no less than US\$6,000k in the Cauchari-Olaroz Properties in the five year period ending June 1, 2014 (which obligation was fulfilled in the prior year), and to make property payments pursuant to its option agreements in the aggregate amounts set out in the table set out below under "Obligations". The Company's continuing operations are dependent on its ability to secure equity and/or debt financing, with which it intends to maintain its proposed mineral exploration and development programs on the Cauchari-Olaroz Properties and also identify, evaluate and acquire, if appropriate, interests in other mineral properties. The circumstances that could affect the Company's ability to secure equity and/or debt financing that are reasonably likely to occur are, without limitation, as follows:

- (a) the state of capital markets generally;
- (b) the prevailing market prices for industrial metals, in particular the prevailing market prices for lithium and potassium;
- (c) the consolidation and potential abandonment of the Company's lithium properties as future exploration and development results provide further information relating to the underlying value of the lithium properties;
- (d) the development and commercial acceptance of lithium based applications;
- (e) changes in laws, regulations and political conditions and currency fluctuation; and
- (f) the ability of the Company to realize satisfactory terms in its negotiation of work contracts relating to the lithium properties.

The current trends relating to the above factors are relatively favourable for the Company but could change at any time and negatively affect the Company's operations and business.

Obligations

The following table sets out the Company's obligations to maintain property rights:

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Property Payment Obligations ⁽¹⁾	US\$2,785,000	US\$1,175,000	US\$1,610,000	Nil	Nil
Royalties	US\$300,000 ⁽²⁾ + 3% Net Profit Interest on Commercial Production ⁽³⁾ + US\$200,000 per annum ⁽⁴⁾	Nil	US\$200,000 per annum ⁽⁴⁾	US\$200,000 per annum ⁽⁴⁾	US\$300,000 ⁽²⁾ + 3% Net Profit Interest on Commercial Production ⁽³⁾ + US\$200,000 per annum ⁽⁴⁾
Total Contractual Obligations	US\$3,085,000 + 3% Net Profit Interest on Commercial Production ⁽³⁾ + US\$200,000 per annum ⁽⁴⁾	US\$1,175,000	US\$1,610,000 + US\$200,000 per annum ⁽⁴⁾	US\$200,000 per annum ⁽⁴⁾	US\$300,000 ⁽²⁾ + 3% Net Profit Interest on Commercial Production ⁽³⁾ + US\$200,000 per annum ⁽⁴⁾

Notes:

- (1) Property payment obligations are only required to the extent that the Company wishes to maintain its exploration rights, or purchase usufruct options, to the specific property subject to the corresponding agreement.
- (2) One time payment due upon beginning of the production stage of the Cauchari-Olaroz Properties.
- (3) Annual royalty commencing at the production stage of the Cauchari-Olaroz Properties.
- (4) Annual royalty commencing upon exercise of usufruct option in respect of the Cauchari-Olaroz Properties on September 9, 2012.

Capital Resources

The Company has limited capital resources and has to rely upon the sale of its equity and/or debt securities for cash required for acquisition, exploration and development purposes of mineral resource properties. Since the Company does not expect to generate any revenues in the near future, it must continue to rely upon the sale of its equity and/or debt securities to raise capital. There can be no assurance that financing, whether debt or equity, will be available to the Company in the amount required at any particular time or for any period or, if available, it can be obtained on terms satisfactory to the Company.

The Company does not have any commitments for capital expenditures as at the date hereof nor does it have any sources of financing that have been arranged but not used.

Off-Balance Sheet Arrangements

As at the date hereof, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources.

Transactions with Related Parties

During the six months ended August 31, 2010, the Company engaged in the following related party transactions:

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 three 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 plus 237,919 compensation options were paid and issued, respectively, to PowerOne during the three month period ended August 31, 2010 (August 31, 2009 – \$126,000 and 1,050,000 compensation options) as consideration for registered exempt market dealer services in connection with the Company's Initial Public Offering.

During the period, the Company employed a construction company, Magna Construcciones, which is related to a director of the Company. This company was contracted for \$1,288,123 in services during the six months ended August 31, 2010 (August 31, 2009 – nil) of which \$261,889 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 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

Proposed Transactions

The Company does not have any proposed asset or business acquisitions or dispositions as at the date hereof.

Critical Accounting Estimates

The preparation of financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in the preparation of the condensed consolidated unaudited interim financial statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Mineral properties

Property acquisition costs and related direct exploration costs may be deferred until the properties are placed into production, sold, abandoned, or written down, where appropriate. The Company's accounting policy is to capitalize exploration costs consistent with IFRS and applicable guidelines for exploration stage companies. The policy is consistent with other exploration companies which have not established Mineral Reserves objectively. An alternative policy would be to expense these costs until sufficient work has been done to determine that there is a probability Mineral Reserves can be established; or alternatively, to expense such costs until a mineral reserve has been objectively established. Management of the Company is of the view that its current policy is appropriate for the Company at this time. Based on annual impairment reviews made by management, or earlier if circumstances warrant, in the event that the long-term expectation is that the net carrying amount of these capitalized exploration costs will not be recovered, then the carrying amount is written down accordingly and the write-down charged to operations. A write-down may be warranted in situations where a property is to be sold or abandoned; or exploration activity ceases on a property due to unsatisfactory results or insufficient available funding.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Shares issued for goods or services

The Company estimates the fair value of shares issued for goods or services based on private placement transactions with unrelated parties and on the Black-Scholes valuation model for share options and warrants. The fair value of the services could not be determined, therefore the fair value of the shares, share options and warrants were used in the measurement of the transactions.

Financial Instruments and Other Instruments

The Company's financial instruments and liabilities consist of receivables and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these instruments approximates their carrying value due to the short term nature of their maturity.

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 equivalents balance was \$37,492,044 (February 28, 2010 - \$9,064,023). The majority of the increase during the six months 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	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 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 lower/higher. 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 - \$8,904,023) invested in reputable financial institutions' deposits and debt instruments, earning interest at an average fixed rate of 1.0% per annum.

Credit risk management

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

Outstanding Share Data

As at August 31, 2010, the Company has 73,533,900 common shares issued and outstanding and one special share issued and outstanding (October 15, 2010-73,781,400 and one). There are also warrants, shareholder options and options outstanding that are exercisable (see below). On a diluted basis 86,637,503 common shares would have been outstanding as at August 31, 2010 and as at October 15, 2010, 87,613,503 would be outstanding if they had all been exercised.

	#
Common Shares outstanding February 28, 2010	49,200,000
May 13, 2010 initial public offering	24,324,400
<u>Issued on exercise of options</u>	<u>9,500</u>
Balance August 31, 2010	73,533,900
<u>Issued on exercise of options</u>	<u>247,500</u>
<u>Balance October 15, 2010</u>	<u>73,781,400</u>

Warrants

Warrants outstanding at February 28, 2010	6,325,620
<u>Issued during period</u>	<u>1,538,483</u>
<u>Balance August 31, 2010 and October 15, 2010</u>	<u>7,864,103</u>

Shareholder options

<u>Outstanding February 28, August 31, 2010 and October 15, 2010</u>	<u>150,000</u>
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Options

Outstanding February 28, 2010	3,300,000
Granted during period	1,800,000
<u>Exercised during period</u>	<u>(9,500)</u>
Balance August 31, 2010	5,090,500
Exercised subsequent to period end	(247,500)
<u>Issued subsequent to period end</u>	<u>975,000</u>
<u>Balance October 15, 2010</u>	<u>5,818,000</u>

Management Responsibility for Financial Statements

The information provided in this report, including the condensed consolidated unaudited interim financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying condensed consolidated unaudited interim financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with the other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Other Information

Additional information about the Company can be found on the Company's website at www.lithiumamericas.com or at www.sedar.com.under the Company's profile.

Risks and Uncertainties

Exploration, development and mining of mineral resources involves numerous inherent risks. As such, the Company is subject to various financial, operational and political risks that could have a significant impact on its profitability and levels of operating cash flows. Although the Company assesses and minimizes these risks by careful management of its activities, resources and employing qualified personnel, these risks cannot be eliminated. Such risks include changes in local laws governing the mining industry, a decline in commodity prices and the activity in the mining sector, and uncertainties inherent in estimating mineral reserves and resources. Please refer to Risk Factors in the Company's prospectus dated May 6, 2010.

New legislation (the "Glacier Legislation") passed by Argentina's federal legislature intended to protect the country's glaciers could potentially affect mining projects in those regions where glaciers and glacial waters are located. The regulations that will define the application of the Glacier Legislation have not as yet been adopted and

as such the application and enforcement of the Glacier Legislation is unknown at this time. However, in order to offset the potential effect of this new law, several provincial legislative bodies, including those in the Province of Jujuy where the Company's Cauchari project is situated, passed their own glacier-related legislation ahead of the passing of the Glacier Legislation that are intended to take precedence over the federal Glacier Legislation and be more amenable to mining projects. In any event, because the Cauchari project is located in the Puna Plateau, which is a desert environment, and is not in the vicinity of a glacier or glacial waters, neither the Glacier Legislation nor the provincial glacier related legislation are expected to affect the Cauchari project.

Caution Regarding Forward Looking Statements

This MD&A contains statements which may be considered forward-looking. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those in such forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change except as required by applicable securities laws. Factors that could cause actual results to vary materially from results anticipated by such forward-looking statements include changes in market conditions, fluctuations in the currency markets (including Canadian, and U.S. dollars and the Argentine peso), changes in national and local governments, legislation, taxation, controls, regulations, and political or economic developments in Canada and Argentina or other countries in which the Company may carry on business in the future; operating or technical difficulties in connection with exploration and development activities; risks and hazards associated with the business of mineral exploration and development (including environmental hazards or industrial accidents); risks relating to the credit worthiness or financial condition of suppliers and other parties with whom the Company does business; inadequate insurance or inability to obtain insurance to cover these risks and hazards and the presence of laws and regulations that may impose restrictions on mining, including those currently enacted in Argentina; employee relations; relationships with and claims by local communities and indigenous populations; availability and increasing costs associated with operational inputs and labour; the speculative nature of mineral exploration and development, including the risks of obtaining necessary licenses, permits and approvals from government authorities; business opportunities that may be presented to, or pursued by the Company; the Company's ability to successfully integrate acquisitions; challenges to, or difficulty in maintaining, the Company's title to properties; and the factors identified under "Risk Factors" in the Company's prospectus dated May 6, 2010 and other risk factors discussed or referred to in this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. Investors are cautioned against attributing undue certainty to forward-looking statements.

Certain information contained herein is based on the Company's NI 43-101 compliant technical report titled "Amended Inferred Resource Estimation Of Lithium and Potassium at the Cauchari and Olaroz Salars, Jujuy Province, Argentina" dated February 15, 2010, prepared for Lithium Americas Corp. by Mark King, a "qualified person" pursuant to National Instrument ("NI") 43-101, which can be viewed on the Company's website or at www.sedar.com, under the Company's profile. Inferred resources have a great amount of uncertainty as to their existence, and great uncertainty as to their economic feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or prefeasibility studies, except in rare cases. Investors are cautioned not to assume that part or all of an inferred resource can be upgraded to an indicated or measured resource, or is economically mineable.

Corporate Information

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