

Management's Discussion and Analysis

LITHIUM AMERICAS CORP.

February 28, 2011

LITHIUM

AMERICAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") is prepared as of May 13, 2011 and 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, and for the year ended, February 28, 2011. The comparative periods are April 28, 2009 (date of incorporation) to February 28, 2010.

This MD&A should be read in conjunction with the audited consolidated financial statements of the Company for the year ended February 28, 2011 including the supporting notes, and the audited consolidated financial statements for the period ending February 28, 2010, including the supporting notes and the related MD&A.

These audited consolidated financial statements have been prepared using accounting policies in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars, unless otherwise identified.

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 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, 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.

COMPANY OVERVIEW

Lithium Americas Corp. is a Canadian-based resource company focused on the exploration 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 two subsidiaries, Minera Exar S.A. ("Minera"), which is incorporated under the laws of Argentina, and 2265866 Ontario Inc., which is incorporated under the laws of Ontario. The Company holds its rights to the exploration properties through Minera. 2265866 Ontario Inc. is currently inactive.

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 82,498 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 known lithium brine reserves. In total, Lithium Americas controls a land package totalling 164,747 ha in this prolific region. The Company believes it can develop the Cauchari-Olaroz Properties into a world-class lithium producer in both size and quality.

INDUSTRY

Lithium currently has many end uses, including ceramics and glass, batteries, greases, air treatment, and pharmaceuticals. However, it is the battery industry that is expected to drive the majority of future growth for lithium. Specifically, it is the continued growth of small capacity batteries for cell phones, laptops and hand tools, that is expected to be augmented by the automobile industry's electrification of the automobile using lithium-ion battery technology for the hybrid, plug-in-hybrid, and electric vehicles that has some industry observers forecasting the demand for lithium carbonate to double or potentially triple by the year 2020. Large capacity storage batteries for the utilities and power generation industry are expected to create another significant increase to lithium demand.

The global supply of lithium is currently dominated by four companies. Three of the companies (SQM, Chemetall and FMC Corporation) supply lithium from brines in the Puna Plateau region and one of the companies (Chemetall) supplies lithium from brines in North America, while Talison Lithium 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.

SIGNIFICANT EVENTS

Operational Developments

During the year ended February 28 2011, and as of the date of this MD&A, the Company announced the following significant developments associated with the exploration of its principal property:

1. Preliminary Economic Assessment – in April 2011 the Company announced the results of a National Instrument 43-101 compliant Preliminary Economic Assessment (“PEA”) for its Cauchari lithium brine project in Argentina. The PEA was prepared by the independent engineering firm, ARA WorleyParsons (“ARAWP”). ARAWP has a significant amount of experience in lithium brine processing, having designed and participated in building the world's largest and lowest cost lithium brine processing facility in Chile. The PEA provides for a 40,000 tonne per annum (“TPA”) lithium carbonate (“LCE”) production facility built in two phases, with construction of the first 20,000 TPA phase expected to begin in 2012, and construction of the second phase expected to begin in 2016. Potash and borax by-products were not included in the economic assessment, and could potentially add further value to the project.

The PEA calculates a base case pre-tax Net Present Value of US\$983 million, assuming an 8% discount rate, and an after-tax NPV of US\$715 million. The base case pre-tax Internal Rate of Return (“IRR”) is 30% and after-tax IRR is 26%. Production of LCE is assumed to be 40,000 TPA, achieved via an evaporation pond system and processing plant built in two phases, with each phase capable of producing 20,000 TPA. The first phase is expected to begin generating revenue from LCE production in 2014, while the second phase is expected to begin generating revenue in 2018. The capital costs associated with the first phase are estimated to be US\$217 million, while the capital costs associated with the second phase are estimated to be US\$181 million.

The PEA calculates cash operating costs at \$1,434 per tonne which the Company believes may be one of the lowest operating costs in the industry.

2. World class resource - in December, 2010 the Company filed a NI 43-101 compliant technical report with the Canadian regulatory authorities that identified the following upgraded resource estimates:

Lithium Resource Estimate

	Average Concentration	Mass Cumulated		Brine Volume
	Li (mg/L)	Li (tonne)	Li ₂ CO ₃ (tonne)	(m ³)
Measured	656	546,300	2,884,000	8.09 x 10 ⁸
Indicated	637	458,300	2,420,000	7.20 x 10 ⁸
TOTAL		1,004,600	5,304,000	
Inferred	603	512,800	2,708,000	8.50 x 10 ⁸

Potassium Resource Estimate

	Average Concentration	Mass Cumulated		Brine Volume
	K (g/L)	K (tonne)	KCl (tonne)	(m ³)
Measured	5.9	4,912,000	9,382,000	8.09 x 10 ⁸
Indicated	5.7	4,121,000	7,871,000	7.20 x 10 ⁸
TOTAL		9,033,000	17,253,000	
Inferred	4.9	4,264,000	8,144,000	8.50 x 10 ⁸

This upgraded resource estimate now ranks Lithium Americas' Cauchari-Olaroz Properties as the third largest known lithium brine deposit in the world.

3. Production drilling program – in August 2010 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 Company has now completed a two-well production drilling program, which consisted of two 17 inch production wells and ten 5 ¼ inch monitoring wells. The production wells are being used to test the pumping rates in the aquifers down to a depth of 300 meters, while the monitoring wells are designed to monitor the production wells as they drain down the aquifers. Testing has commenced and will continue over the next several months.
4. Exploration drilling completed - in August, 2010 the Company announced that it had completed its advanced exploration program on its Cauchari-Olaroz Properties. The Company's exploration program was focused in the central part of the 82,498 ha covering the vast majority of the Cauchari Salar (salt lake) and approximately one third of the Olaroz Salar. In 2010, the Company's drilling program included 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.
5. 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. In January 2011 the Company announced that it has successfully completed and filled its first large scale pilot evaporation pond (45 meters x 14 meters). The pond is designed to produce concentrated brine for the production of lithium carbonate at pilot scale, further defining the path to commercial production. The Company has also completed the construction, lining, and filling of a larger pilot evaporation pond (100 meters x 100 meters). Several other smaller ponds will be in construction during the second calendar quarter of 2011. These ponds will also be filled with brine extracted from the production wells and will be used to fine tune the overall evaporation process.

6. 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.
7. Property Expansion – the Company increased its land package associated with its principal property to 82,498 ha, and increased its overall land package in the Puna Plateau to 164,747 ha.
8. 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”).
9. 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.
10. 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.
11. 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.

Corporate Developments

During the year ended February 28, 2011, and as of the date of this MD&A, the Company achieved a number of important corporate milestones including:

1. On January 7, 2011 Geologic Resource Partners LLC announced they have acquired ownership of 11,925,900 Common Shares of the Company for its own account and on behalf of client accounts over which it has discretionary trading authority, which represented approximately 16.15% of the outstanding Common Shares of the Company on that date.

2. On December 20, 2010 Pinetree Capital Ltd. and its joint actors announced they have acquired ownership of 7,385,600 Common Shares of the Company and the rights to acquire an additional 250,000 Common Shares of the Company which, if exercised on that date, would represent approximately 10.3% of the outstanding Common Shares of the Company.
3. On December 13, 2010 Pasquale DiCapo and a joint actor announced they have acquired ownership of 5,527,911 Common Shares of the Company and the rights to acquire an additional 2,131,257 Common Shares of the Company which, if exercised on that date, would represent approximately 10.04% of the outstanding Common Shares of the Company.
4. On December 7, 2010 Lithium Americas announced the Company had recently been included in the Global X Lithium Exchange Traded Fund (“ETF”). The ETF, launched by Global X Funds, tracks the Solactive Global Lithium Index. This index is designed to reflect the performance of the largest and most liquid listed companies that are active in the exploration and/or mining of lithium or the production of lithium batteries.
5. On November 1, 2010 Lithium Americas announced the appointment of Ian Fodie as the Company’s Chief Financial Officer. Mr. Fodie is a veteran financial executive with over 25 years in international accounting, financial, and capital markets experience. Mr. Fodie obtained his Chartered Accountant designation from the New Zealand Institute of Chartered Accountants and has resided in Canada for over 20 years.
6. On July 12, 2010 the Company announced the appointment of 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.
7. 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.
8. 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.
9. 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%. 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.
10. 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.

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 within 2014 include:

Definitive Feasibility Study (Q2 2012). Utilizing the large amount of data obtained through the aforementioned programs, ARA WorleyParsons is expected to deliver a definitive feasibility study in the second quarter of 2012. 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. In September 2010 the Company 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 one of the world's largest producers of lithium, leading the construction and engineering of lithium carbonate and lithium hydroxide facilities.

SELECTED FINANCIAL INFORMATION

The following table sets out selected financial information for the Company and should be read in conjunction with the Company's audited consolidated financial statements as at and for the year ended February 28, 2011, 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 February 28, 2011 (\$)	As at February 28, 2010 (\$)
Assets		
Current Assets	25,909,490	9,301,914
Total Assets	55,053,876	19,565,453
Liabilities		
Current Liabilities	1,422,030	1,603,628
Total Liabilities	1,422,030	1,603,628
Working Capital	24,487,460	7,698,286
Equity		
Issued Capital	53,772,288	12,845,192
Reserves	8,276,999	7,742,232
Deficit	(8,417,441)	(2,625,599)
Total Equity.....	53,631,846	17,961,825
	For the year ended February 28, 2011 (\$)	April 28, 2009 (date of incorporation) to February 28, 2010 (\$)
Net (Loss)		
Total	(5,791,842)	(2,625,599)
Per Common Share, basic and fully diluted	(0.08)	(0.08)
Weighted average number of shares outstanding	68,811,632	32,426,144
Total comprehensive loss	(8,984,061)	(2,904,617)

RESULTS OF OPERATIONS

Year ended February 28, 2011 and period from incorporation to February 28, 2010

The Company recorded a loss of \$5,792k for the year ended February 28, 2011. This compared to a loss of \$2,626k for the period from incorporation to February 28, 2010, a period of just over ten months. During the ten month period from incorporation to February 28, 2010 the Company was in the initial stages of organization to commence its major project and incurred the majority of its exploration expenses in the latter months of that period. Consequently, the 2011 year experienced dramatically higher expenses in comparison. The major differences comprise: employee benefit expense was \$445k higher, professional fees were \$69k higher, administrative expenses were \$1,175k higher, consulting expense was \$260k higher, depreciation expense was \$258k higher, and tax expense was \$70k lower. The largest variance was the share-based payment expense which was \$2,656k in the 2011 year compared to \$1,038k in the 2010 period, an increase of \$1,618k, of which \$1,528k was attributable to the value of options granted at the IPO stage of the Company. As a consequence of raising the IPO funds in May 2010 investment revenue was \$186k higher in the 2011 year compared to the 2010 period. Foreign exchange gains were \$403k more favourable in the 2011 year compared to the 2010 period due to the increasing investment the Company has in its operations in Argentina.

Three months ended February 28, 2011 and 2010

The Company recorded a loss of \$1,318k in the three months ended February 28, 2011 which compares to a loss of \$1,284k in the same period ended February 28, 2010. With the exception of professional fees, the 2011 quarter reflected higher costs in all major expense categories as expenses were incurred in each month at reasonably similar levels whereas comparative expenses for the 2010 period were only starting to grow as the Company began to hire employees during that period. Employee benefits costs were \$128k higher, professional fees \$54k lower, administrative expenses \$458k higher, consulting expense was \$60k higher, share-based expenses were \$11k lower, depreciation expense was \$62k higher and tax expense was \$70k lower. Investment revenues earned were \$20k higher and foreign exchange gains were \$345k higher.

SUMMARY OF QUARTERLY RESULTS

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

(\$000's)	Three months ended			
	February 28	November 30	August 31	May 31
	2011	2010	2010	2010
	\$	\$	\$	\$
Investment revenue	27	101	53	13
Foreign exchange gains (losses)	405	54	(140)	149
Employee benefits expense	(433)	(208)	(234)	(150)
Professional fees	(203)	(111)	(161)	(164)
Administrative expenses	(506)	(376)	(242)	(387)
Consulting expenses	(115)	(114)	(70)	(36)
Share-based payment expense	(405)	(630)	(479)	(1,142)
Depreciation expense	<u>(88)</u>	<u>(76)</u>	<u>(73)</u>	<u>(51)</u>
Loss for the period	(1,318)	(1,360)	(1,346)	(1,768)

The following table provides a comparison of administrative expenses for each of the three months ended:

(\$000's)	February 28 2011 \$	November 30 2010 \$	August 31 2010 \$	May 31 2010 \$
Transfer and exchange	9	15	34	202
Trade shows	173	93	32	35
Bank charges	199	81	89	79
Travel/business development	33	85	25	20
Office expenses	21	21	22	23
Insurance	19	18	16	14
Rent	16	18	15	14
Other	35	45	9	-
TOTAL	505	376	242	387

LIQUIDITY AND CAPITAL RESOURCES

At February 28, 2011, the Company had \$25,801k in cash and cash equivalents and \$24,487k in working capital. The Company incurred \$19,450k in exploration expenses for the year ended February 28, 2011 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.

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. The Company has 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 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 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 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.

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.

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\$3,070,000	US\$1,535,000	US\$1,535,000	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\$3,370,000 + 3% Net Profit Interest on Commercial Production ⁽³⁾ + US\$200,000 per annum ⁽⁴⁾	US\$1,535,000	US\$1,535,000 + 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.

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 period ended February 28, 2010 the Company acquired mineral properties rights from Latin American Minerals Inc. ("LAT") in exchange for \$nil (2010 - 8,400,000) common shares representing 17% of the Company's common shares outstanding at February 28, 2010, creating a related party relationship with LAT subsequent to that transaction. The Company also shared resources with LAT 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. LAT ceased to be a related party subsequent to November 30, 2010. For the period LAT was considered a related party the Company paid \$74,217 (2010 - \$10,700) to LAT for shared facilities and administrative staff.

Cash in the amount of \$440,150 (2010 - \$388,500) plus 237,918 (2010 - 1,771,623) broker warrants with various terms and expiry dates were paid to PowerOne Capital Market Limited ("PowerOne") during the year ended February 28, 2011 as consideration for registered exempt market dealer services in connection with the Company's raisings of funds. One current and one former director of the Company are employees of PowerOne.

During the year ended February 28, 2010 the Company paid \$741,182 to Gowling Lafleur Henderson LLP ("Gowling") a legal firm of which the former Chairman of the Company is a partner. The Chairman resigned on February 25, 2010. The services provided were for normal-course legal advice and services and work done in conjunction with various raisings of capital. The amount outstanding at February 28, 2010 of \$40,000 was due on a short-term basis and was non-interest bearing. Gowling ceased to be a related party subsequent to February 28, 2010.

During the year ended February 28, 2011, the Company employed a construction company, Magna Construcciones, related to a director of the Company. The company was contracted for \$1,962,839 during the year (2010 - \$639,898) of which \$144,159 was included in due to related parties (2010 - \$120,250). These transactions were in the normal course of business and were measured at the exchange amount established and agreed to by the related parties.

As at February 28, 2011, the Company owed \$nil to LAT (2010 - \$89,537) for expenses incurred by LAT relating to the Cauchari Lithium Project. This amount has no fixed repayment terms and is non-interest bearing.

The Chief Executive Officer and director of the Company, was paid \$344,749 (2010 - \$316,743) in cash compensation and \$526,678 (2010 - \$90,000) in share based compensation.

The Chief Financial Officers of the Company received \$130,386 (2010 - \$31,500) in cash compensation and \$123,661 (2010 - \$59,967) in share based compensation.

Due to related parties

	February 28, 2011	February 28, 2010
	\$	\$
Magna Construcciones	144,159	120,250
Due to management and directors	229,545	459
LAT Argentina	-	89,537
Gowling Lafleur Henderson LLP	-	40,000
Total due to related parties	373,704	250,246

Compensation of key management personnel

	For the year ended February 28, 2011	For the period from April 28, 2009 (date of incorporation) to February 28, 2010
	\$	\$
Short-term benefits	665,025	348,244
Share-based payments	2,216,934	934,523
Share-based payments for employee benefits	-	90,000
Total compensation of key management personnel	2,881,959	1,372,767

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 consolidated annual 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.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The determination of the fair value of equity-settled share-based payment transactions is calculated using the Black-Scholes option-pricing model.

Equity-settled share-based payment transactions related to services provided are measured at the fair value of the services received. If the services cannot be measured reasonably the transaction is measured at the fair value of the equity instrument issued.

FINANCIAL 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 February 28, 2011 the cash and cash equivalents balance was \$25,801,450 (2010 - \$9,064,023). The majority of the increase during the year was a result of the Company completing its IPO. The Company's cash and cash equivalents are denominated in the following currencies:

	February 28, 2011	February 28, 2010
	\$	\$
Denominated in Canadian dollars	25,179,074	8,106,282
Denominated in US dollars	92,386	639,162
Denominated in Argentine pesos	529,990	318,579
Cash and cash equivalents	25,801,450	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 February 28, 2011, in Canadian dollars is:

	2011		2010	
	Assets	Liabilities	Assets	Liabilities
	\$	\$	\$	\$
Argentine pesos	545,839	709,441	330,551	1,180,526
United States of America dollars	92,386	162,025	639,162	42,626

Based on the above balances, had the Canadian Dollar strengthened/weakened by 5% against the Argentine peso, the Company's equity would have been \$8,180 higher/lower. If the Canadian Dollar strengthened/weakened by 5% against the United States of America dollar, the Company's equity would have been \$3,482 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. At present rates, the impact on interest income is minimal.

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 February 28, 2011, the Company had 74,507,234 common shares issued and outstanding and one special share issued and outstanding (May 13, 2011 – 77,215,981 and one special share). There are also warrants and share options outstanding that are exercisable (see below). On a diluted basis, 87,863,504 common shares would have been outstanding as at February 28, 2011 and May 13, 2011 if all of the warrants and share options had been exercised.

Common shares

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>982,834</u>
Balance February 28, 2011	74,507,234
Issued on exercise of options	25,000
<u>Issued on exercise of warrants</u>	<u>2,683,747</u>
<u>Balance May 13, 2011</u>	<u>77,215,981</u>

Warrants

Warrants outstanding at February 28, 2010	6,325,620
<u>Warrants issued during period</u>	<u>1,538,484</u>
Balance outstanding at February 28, 2011	7,864,104
<u>Exercised subsequent to year end</u>	<u>(2,683,747)</u>
<u>Balance May 13, 2011</u>	<u>5,180,357</u>

Share Options

Outstanding February 28, 2010	3,450,000
Granted during period	3,025,000
<u>Exercised during period</u>	<u>(982,834)</u>
Balance February 28, 2011	5,492,166
<u>Exercised subsequent to year end</u>	<u>(25,000)</u>
<u>Balance May 13, 2011</u>	<u>5,467,166</u>

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

The Company is required to review and report on the effectiveness of its disclosure controls and procedures (“DC&P”) in accordance with National Instrument 52-109, “Certification of Disclosure in Issuers’ Annual and Interim Filings”, (“NI 52-109”) issued by the Canadian Securities Administrators. NI 52-109 requires a Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) to certify that they are responsible for establishing and maintaining DC&P for the issuer, that DC&P have been designed and are effective in providing reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer’s DC&P and that their conclusions about the effectiveness of those DC&P at the end of the period covered by the relevant annual filings have been disclosed by the issuer.

Management, including the CEO and CFO, has evaluated the design of the Company’s DC&P as at February 28, 2011, and has concluded that the DC&P are effective in ensuring that information required to be disclosed by the Company in its corporate filings is recorded, processed, summarized and reported within the required time period for the period then ended.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues within a company have been detected. In addition, the design of any system of control is based upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all future events, no matter how remote, or that the degree of compliance with the policies or procedures may not deteriorate. Accordingly, the Company’s DC&P are

effective in providing reasonable, not absolute, assurance that the objectives of its disclosure control system have been met.

Internal Controls over Financial Reporting

NI 52-109 also requires CEOs and CFOs to certify that they are responsible for establishing and maintaining internal controls over financial reporting ("ICFR") for the issuer, that the ICFR have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP, and that the issuer has disclosed any change in its internal controls during its most recent interim period that has materially affected, or is reasonably likely to materially affect, its ICFR.

The design and operating effectiveness of the Company's ICFR were evaluated by Management in accordance with "Internal Controls over Financial Reporting – Guidance for Smaller Public Companies", as published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and NI 52-109, as at February 28, 2011. The Company's management has not identified in their review any weaknesses that have materially affected, or are reasonably likely to materially affect, Lithium Americas' ICFR. Based on this evaluation, Management has concluded that the Company's ICFR are effective in providing reasonable assurance that its financial reporting is reliable and its consolidated financial statements are prepared in accordance with IFRS.

There were no changes in the Company's ICFR that, in the view of the Company's management, occurred during the year ended February 28, 2011, or up to the date of this report, that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

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 seeks to mitigate 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.

Argentine Glacier Legislation

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.

Provincial Decree

The Province of Jujuy recently declared lithium a strategic mineral. The declaration asserts that environmental approval of exploration and exploitation projects in the Province will be reviewed by a committee that will include representatives from the Ministry of Production, the Argentinean Research Council, the University of Jujuy, the Provincial Parliament, the Provincial Environmental Protection Agency and the Mining Department. Lithium Americas' exploration permit applications were approved in late 2009 and is fully permitted through final feasibility. The Company is currently working on the environmental baseline and has confirmed that the decree should not affect the current development program at Cauchari-Olaroz, but is expected to increase the final

requirements for the final exploitation permit that will be requested once the final feasibility study is completed and presented to the Provincial Government as is mandatory under Argentinean law.

CORPORATE INFORMATION

Directors:	Basil Botha, Chairman David D'Onofrio W. Thomas Hodgson Franco Mignacco Constantine Karayannopoulos Waldo Perez George E. Pirie Douglas Reeson
Officers:	Waldo Perez, President & CEO Ian Fodie, CFO and Corporate Secretary Michael Cosic, Vice-President Corporate Development
Auditor:	Deloitte & Touche LLP 5140 Yonge Street Suite 1700 Toronto, Ontario M2N 6L7
Transfer Agent:	Olympia Trust Company 120 Adelaide Street West Toronto, Ontario M5H 1T1
Head Office:	357 Bay Street, Suite 602 Toronto, Ontario M5H 2T7
Project Office:	Argentina Ricardo Videla 8046 La Puntilla Lujan 5505 Mendoza
Field Office:	Argentina Dr. Sabin 1082, Ciudad de Nieva San Salvador de Jujuy Jujuy (4600)

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.