

Condensed consolidated interim financial statements of

**Lithium Americas Corp.**

May 31, 2011

(Unaudited)

**LITHIUM**  

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# Lithium Americas Corp.

May 31, 2011

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# Lithium Americas Corp.

## Condensed consolidated interim statements of income

(In Canadian dollars - unaudited)

		Three months ended May 31, 2011	Three months ended May 31, 2010
	Notes	\$	\$
Investment revenue		76,579	13,534
Net foreign exchange gains		603,100	148,521
Employee benefits expense		(342,438)	(150,280)
Professional fees		(156,617)	(164,064)
Administrative expense		(433,269)	(391,523)
Consulting expense		(104,603)	(36,310)
Share-based payment expense	4	(364,241)	(1,141,588)
Depreciation expense	5	(87,042)	(50,793)
Loss before tax		(808,531)	(1,772,503)
Tax expense		-	-
Loss for the period		(808,531)	(1,772,503)
Loss per share, basic and diluted		(0.01)	(0.03)
Weighted average number of shares outstanding		75,229,434	53,959,394

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

# Lithium Americas Corp.

## Condensed consolidated interim statements of comprehensive loss

(In Canadian dollars - unaudited)

	Three months ended May 31, 2011	Three months ended May 31, 2010
	\$	\$
<b>Loss for the period</b>	<b>(808,531)</b>	<b>(1,772,503)</b>
Other comprehensive loss		
Foreign exchange difference on translating foreign operations with a different functional currency		
Foreign exchange differences arising during the period	<b>(1,743,342)</b>	<b>(332,731)</b>
<b>Total comprehensive loss for the period</b>	<b>(2,551,873)</b>	<b>(2,105,234)</b>

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

# Lithium Americas Corp.

## Condensed consolidated interim statements of financial position

(In Canadian dollars - unaudited)

		As at May 31, 2011	As at February 28, 2011
	Notes	\$	\$
<b>Assets</b>			
Non-current assets			
Property, plant and equipment	5	737,781	754,284
Property rights and exploration costs	6	30,878,148	28,390,102
<b>Total non-current assets</b>		<b>31,615,929</b>	<b>29,144,386</b>
Current assets			
Cash and cash equivalents		22,350,213	25,801,450
Other assets	7	114,302	108,040
<b>Total current assets</b>		<b>22,464,515</b>	<b>25,909,490</b>
<b>Total assets</b>		<b>54,080,444</b>	<b>55,053,876</b>
<b>Equity and liabilities</b>			
Capital and reserves			
Issued capital	4	56,445,756	53,772,288
Reserves		5,715,712	8,276,999
Deficit		(9,225,972)	(8,417,441)
<b>Total equity</b>		<b>52,935,496</b>	<b>53,631,846</b>
Current liabilities			
Accounts payable and accrued liabilities		997,368	1,048,326
Due to related parties	8	147,580	373,704
<b>Total current liabilities</b>		<b>1,144,948</b>	<b>1,422,030</b>
<b>Total liabilities</b>		<b>1,144,948</b>	<b>1,422,030</b>
<b>Total equity and liabilities</b>		<b>54,080,444</b>	<b>55,053,876</b>

Approved by the Board of Directors on July 14, 2011

"David D'Onofrio" Director

"Waldo Perez" Director

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

# Lithium Americas Corp.

## Condensed consolidated interim statements of changes in equity

(In Canadian dollars - unaudited)

	Notes	Issued capital \$	Warrants reserve \$	Share- based payment reserve \$	Foreign currency translation reserve \$	Deficit \$	Total \$
Balance, February 28, 2011		53,772,288	7,924,810	3,823,426	(3,471,237)	(8,417,441)	53,631,846
Loss for the three months ended May 31, 2011		-	-	-	-	(808,531)	(808,531)
Other comprehensive loss for the period		-	-	-	(1,743,342)	-	(1,743,342)
		53,772,288	7,924,810	3,823,426	(5,214,579)	(9,225,972)	51,079,973
Stock options exercised	4	69,775	-	(32,275)	-	-	37,500
Warrants exercised	4	2,603,693	(1,170,573)	-	-	-	1,433,120
Recognition of share-based payments - expensed	4	-	-	364,241	-	-	364,241
Recognition of share based-payments - capitalized	4 and 6	-	-	20,662	-	-	20,662
<b>Balance as at May 31, 2011</b>		<b>56,445,756</b>	<b>6,754,237</b>	<b>4,176,054</b>	<b>(5,214,579)</b>	<b>(9,225,972)</b>	<b>52,935,496</b>
Balance as at February 28, 2010		12,845,192	6,674,560	1,346,690	(279,018)	(2,625,599)	17,961,825
Loss for the three months ended May 31, 2010		-	-	-	-	(1,772,503)	(1,772,503)
Other comprehensive loss for the period		-	-	-	(332,731)	-	(332,731)
		12,845,192	6,674,560	1,346,690	(611,749)	(4,398,102)	15,856,591
Initial public offering	4	45,000,140	-	-	-	-	45,000,140
Issue of broker warrants	4	-	1,250,250	-	-	-	1,250,250
Share issue costs - warrants issued to brokers	4	(1,250,250)	-	-	-	-	(1,250,250)
Share issue costs - paid in cash	4	(3,599,926)	-	-	-	-	(3,599,926)
Stock options exercised	4	2,113	-	(863)	-	-	1,250
Recognition of share based payments - expensed	4	-	-	1,141,588	-	-	1,141,588
Recognition of share based payments - capitalized	4 and 6	-	-	47,792	-	-	47,792
<b>Balance as at May 31, 2010</b>		<b>52,997,269</b>	<b>7,924,810</b>	<b>2,535,207</b>	<b>(611,749)</b>	<b>(4,398,102)</b>	<b>58,447,435</b>

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

# Lithium Americas Corp.

## Condensed consolidated interim statements of cash flows

(In Canadian dollars - unaudited)

		Three months ended May 31, 2011	Three months ended May 31, 2010
	Notes	\$	\$
<b>Cash flows from operating activities</b>			
Loss for the period		(808,531)	(1,772,503)
Net foreign exchange gains		(603,100)	(148,521)
Depreciation expense	5	87,042	50,793
Interest received		(76,579)	(13,534)
Tax expense		-	-
Expense recognized in respect of equity-settled shared-based payment expense	4	364,241	1,141,588
		<b>(1,036,927)</b>	<b>(742,177)</b>
Movements in working capital			
(Increase) decrease in other assets		(6,262)	105,902
(Decrease) increase in accounts payable and accrued liabilities		(50,958)	592,085
(Decrease) increase in amounts due to related parties		(226,124)	320,150
		<b>(283,344)</b>	<b>1,018,137</b>
Cash interest received	14	76,579	13,534
Cash interest paid	14	-	-
Cash income tax paid	14	-	-
<b>Net cash( used in) generated by operations</b>		<b>(1,243,692)</b>	<b>289,494</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(100,441)	(321,522)
Acquisition of property rights and exploration costs	6	(3,416,210)	(5,853,975)
<b>Net cash used in investing activities</b>		<b>(3,516,651)</b>	<b>(6,175,497)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issuance of shares (initial public offering)		-	45,000,140
Exercise of stock options	4	37,500	1,250
Exercise of warrants	4	1,433,120	-
Share issuance costs		-	(3,599,926)
<b>Net cash generated by financing activities</b>		<b>1,470,620</b>	<b>41,401,464</b>
<b>Net increase in cash and cash equivalents</b>		<b>(3,289,723)</b>	<b>35,515,461</b>
Effects of exchange rate changes on the balance of cash held in foreign currencies		(161,514)	(112,158)
<b>Cash and cash equivalents at the beginning of the period</b>		<b>25,801,450</b>	<b>9,064,023</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>22,350,213</b>	<b>44,467,326</b>
Cash		22,175,021	44,290,916
Money market instruments		175,192	176,410
<b>Cash and cash equivalents at the end of the period</b>		<b>22,350,213</b>	<b>44,467,326</b>
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The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Lithium Americas Corp.

## Notes to the condensed consolidated interim financial statements

May 31, 2011

(In Canadian dollars, except where otherwise noted - unaudited)

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### 1. Nature of operations and going concern

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

These condensed consolidated interim financial statements include the Company's wholly owned subsidiaries, Minera Exar S. A., a company incorporated in Argentina and 2265866 Ontario Inc., a company incorporated in Canada.

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

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

The Company's common shares commenced trading on the TSX, under the symbol "LAC", on May 13, 2010 and on the OTCQX in the United States, under the symbol "LHMAF", on June 21, 2011.

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

As the Company has not yet achieved profitable operations the Company incurred a loss for the period ended May 31, 2011 of \$808,531 and as at May 31, 2011 reported an accumulated deficit of \$9,225,972. These conditions, along with other matters relevant to exploration companies, such as continuing losses, dependence upon key individuals and the ability to secure adequate financing, indicate the existence of material uncertainties about the Company's ability to continue as a going concern.

As at May 31, 2011 the Company had \$22,350,213 in cash and cash equivalents which it believes is sufficient to finance its current operating and exploration expenditures for the foreseeable future. Longer term, the Company will pursue opportunities to raise additional capital through debt, equity issuances, or other available means in order to continue funding operating and exploration expenditures. However, there can be no assurance it will be able to raise funds in the future.

These condensed consolidated interim financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern.

These condensed consolidated interim financial statements were approved by the Board of Directors on July 14, 2011.

### 2. Significant accounting policies

#### *Statement of compliance*

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

#### *Basis of preparation*

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's February 28, 2011 consolidated annual financial statements.

# Lithium Americas Corp.

## Notes to the condensed consolidated interim financial statements

May 31, 2011

(In Canadian dollars, except where otherwise noted - unaudited)

### 3. Segment information

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

	As at May 31, 2011			As at February 28, 2011		
	Canada	Argentina	Total	Canada	Argentina	Total
	\$	\$	\$	\$	\$	\$
Non-current assets	3,236,231	28,379,698	31,615,929	2,635,398	26,508,988	29,144,386
Current assets	21,650,036	814,479	22,464,515	25,356,453	553,037	25,909,490
Non-current liabilities	-	-	-	-	-	-
Current liabilities	491,368	653,580	1,144,948	717,181	704,849	1,422,030

	For the three months ended May 31, 2011			For the three months ended May 31, 2010		
	Canada	Argentina	Total	Canada	Argentina	Total
	\$	\$	\$	\$	\$	\$
Investment revenue	76,242	337	76,579	13,180	354	13,534
Net foreign exchange gains	603,100	-	603,100	148,441	80	148,521
Depreciation expense	1,799	85,243	87,042	5,252	45,541	50,793
Share-based payment expense	362,815	1,426	364,241	1,134,761	6,827	1,141,588
Loss before tax	(388,315)	(420,216)	(808,531)	(1,801,243)	28,740	(1,772,503)
Tax expense	-	-	-	-	-	-
<b>Loss for the period</b>	<b>(388,315)</b>	<b>(420,216)</b>	<b>(808,531)</b>	<b>(1,801,243)</b>	<b>28,740</b>	<b>(1,772,503)</b>

### 4. Issued capital, warrants and share options

#### Issued capital

	Note	Number of shares	Amount \$
<b>Special shares</b>	(i)		
Balance as at February 28 and May 31, 2011 and 2010		1	1
<b>Common shares</b>	(ii)		
Balance as at February 28, 2010		49,200,000	12,845,192
Issued for cash (net of broker warrants)	(iii)	24,324,400	40,149,964
Issued for exercise of stock options	(iv)	2,500	2,113
Balance as at May 31, 2010		73,526,900	52,997,269
Issue costs	(iii)	-	(69,085)
Issued for exercise of stock options	(v)	980,334	844,104
Balance as at February 28, 2011		74,507,234	53,772,288
Issued for exercise of stock options	(vi)	25,000	69,775
Issued for exercise of warrants	(vii)	2,683,747	2,603,693
<b>Balance as at May 31, 2011</b>		<b>77,215,981</b>	<b>56,445,756</b>

# Lithium Americas Corp.

## Notes to the condensed consolidated interim financial statements

May 31, 2011

(In Canadian dollars, except where otherwise noted - unaudited)

### 4. Issued capital, warrants and share options (continued)

#### *Issued capital (continued)*

- (i) Special shares have the right to ensure representation on the board of directors but hold no other voting powers.
- (ii) Common shares with no par value carry one vote per share and carry a right to dividends.
- (iii) On May 13, 2010 the Company completed an initial public offering of 24,324,400 shares at \$1.85 per share for gross proceeds of \$45,000,140. As consideration for services provided, underwriters received cash commissions equal to 5.5% of the gross proceeds other than in respect of the value of shares subscribed by Symatec Inc. and Mitsubishi Corporation, for which the cash commission was 3.75%, and 1,300,565 broker warrants. As consideration for services provided, an agent received a cash advisory fee equal to 1.0% of the gross proceeds other than in respect of the value of shares subscribed by Symatec Inc. and Mitsubishi Corporation, for which the cash commission was 0.75%, and 237,918 broker warrants. Each broker warrant entitles the holder to purchase one common share at \$1.85 until May 13, 2012. The fair value of the broker warrants was \$1,250,250 determined using the Black-Scholes option-pricing model using the following assumptions: expected life - 2 years; volatility - 115%; dividend rate - nil; risk-free interest rate - 1.62%. The Company paid issue costs of \$3,669,011 (\$3,599,926 during the three months ended May 31, 2010 and an additional \$69,085 during the three months ended August 31, 2010), including the commissions and advisory fee noted above.
- (iv) For the three months ended May 31, 2010 a total of 2,500 share options were exercised at \$0.50 for total proceeds of \$1,250. Pursuant to the exercise of these share options a total of \$863 was reallocated from the share-based payment reserve to share capital.
- (v) For the nine months ended February 28, 2011 a total of 972,000 and 8,334 share options were exercised at \$0.50 and \$1.50, respectively, for total proceeds of \$498,501. Pursuant to the exercise of these share options a total of \$345,603 was reallocated from the share-based payment reserve to share capital.
- (vi) For the three months ended May 31, 2011 a total of 25,000 share options were exercised at \$1.50 for total proceeds of \$37,500. Pursuant to the exercise of these share options a total of \$32,275 was reallocated from the share-based payment reserve to share capital.
- (vii) For the three months ended May 31, 2011 a total of 1,050,000, 1,200,000, 383,747 and 50,000 warrants were exercised at \$0.15, \$0.50, \$1.50 and \$2.00, respectively, for total proceeds of \$1,433,120. Pursuant to the exercise of these warrants a total of \$1,170,573 was reallocated from the warrants reserve to share capital.

#### *Warrants*

The following table summarizes information of warrants outstanding at May 31, 2011:

Number	Exercise price \$	Expiry date	Weighted average remaining contractual life
3,641,874	2.00	May 13, 2012	0.96 years
1,538,483	1.85	May 13, 2012	0.96 years
5,180,357			0.96 years

# Lithium Americas Corp.

## Notes to the condensed consolidated interim financial statements

May 31, 2011

(In Canadian dollars, except where otherwise noted - unaudited)

#### 4. Issued capital, warrants and share options (continued)

##### *Warrants (continued)*

A summary of the changes in warrants during the periods are set out below:

	Note	Number	Weighted average exercise price \$
Balance as at February 28, 2010		6,325,621	1.38
Issued	(iii)	1,538,483	1.85
Balance as at May 31, 2010 and February 28, 2011		7,864,104	1.47
Exercised	(vii)	(2,683,747)	0.53
<b>Balance as at May 31, 2011</b>		<b>5,180,357</b>	<b>1.96</b>

The fair value of warrants issued during 2010 was determined by using the Black Scholes option-pricing model. Assumptions used are as follows: risk-free interest rate of 1.62% determined using the one to five year Government of Canada bond rate; volatility of 115% determined by comparison to a peer group of Canadian junior venture exchange (TSX-V) companies for up to three years preceding the issuance; and, expected useful lives of 2 years determined on anticipated behavior relative to anticipated market conditions.

##### *Share options*

The following table summarizes information of share options outstanding at May 31, 2011:

Number outstanding	Number vested and exercisable	Exercise price \$	Expiry date	Weighted average remaining contractual life
1,650,500	1,650,500	0.50	August 4, 2014	3.2 years
225,000	225,000	1.50	December 1, 2014	3.5 years
541,666	350,000	1.50	January 25, 2015	3.6 years
1,400,000	1,066,670	1.85	May 13, 2015	3.9 years
200,000	66,667	1.85	June 21, 2015	4.0 years
200,000	66,667	1.85	July 12, 2015	4.1 years
925,000	308,333	1.73	September 23, 2015	4.3 years
50,000	16,667	1.85	October 19, 2015	4.3 years
250,000	83,333	1.49	November 16, 2015	4.4 years
<b>5,442,166</b>	<b>3,833,837</b>			<b>3.7 years</b>

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

# Lithium Americas Corp.

## Notes to the condensed consolidated interim financial statements

May 31, 2011

(In Canadian dollars, except where otherwise noted - unaudited)

#### 4. Issued capital, warrants and share options (continued)

##### Share options (continued)

A summary of the changes in share options during the periods are set out below:

	Note	Number	Weighted average exercise price \$
Balance as at February 28, 2010		3,450,000	0.82
Granted	(viii)	1,400,000	1.85
Exercised	(iv)	(2,500)	0.50
Balance as at May 31, 2010		4,847,500	1.35
Granted	(ix)	1,625,000	1.73
Exercised	(v)	(980,334)	0.51
Balance as at February 28, 2011		5,492,166	1.35
Exercised	(vi)	(25,000)	1.50
Cancelled	(x)	(25,000)	1.50
<b>Balance as at May 31, 2011</b>		<b>5,442,166</b>	<b>1.32</b>

(viii) During the three months ended May 31, 2010, the Company granted 1,400,000 share options to directors at an exercise price of \$1.85 with an expiry date of May 13, 2015.

(ix) During the nine months ended February 28, 2011 the Company granted 200,000 share options to a director at an exercise price of \$1.85 expiring June 21, 2015; 200,000 share options to a director at an exercise price of \$1.85 expiring July 12, 2015; 925,000 share options to directors, officers and a consultant at an exercise price of \$1.73 expiring September 23, 2015; 50,000 share options to a director at an exercise price of \$1.85 expiring October 19, 2015; and 250,000 share options to an officer at an exercise price of \$1.49 expiring November 16, 2015.

(x) During the three months ended May 31, 2011 a total of 25,000 share options with an exercise price of \$1.50 were cancelled as a result of an employee departure.

Share options granted prior to January 25, 2010 vested completely upon grant. Share options granted subsequent to January 25, 2010 vest in 3 equal tranches, with the first tranche vesting immediately, the second tranche vesting twelve months from the date of grant, and the third tranche vesting twenty-four months from the date of grant. 400,000 share options of the 1,400,000 share options granted on May 13, 2010 vested completely upon grant. Share options granted that expire on November 16, 2015 vest in 3 equal tranches, with the first tranche vesting 6 months from the date of grant, and the remaining tranches vesting twelve and twenty-four months from the date of grant.

The fair value of share options granted was determined by using the Black Scholes option-pricing model. Assumptions used as are follows: risk-free interest rate of 1.32% - 2.51% determined using the 1-3 and 3-5 year Government of Canada bond rate; volatility of 100% - 140% determined by comparison to a peer group of Canadian junior venture exchange (TSX-V) companies for up to three years preceding the issuance; and, expected lives of 1 - 3.5 years determined on anticipated behavior relative to anticipated market conditions.

Share options are expensed or capitalized to property rights and exploration costs according to the recipient and respective vesting periods and credited to the share-based payment reserve. For the three months ended May 31, 2011 \$364,241 (2010 - \$1,141,588) was expensed and \$20,662 (2010 - \$47,792) was capitalized to property rights and exploration costs.

# Lithium Americas Corp.

## Notes to the condensed consolidated interim financial statements

May 31, 2011

(In Canadian dollars, except where otherwise noted - unaudited)

#### 4. Issued capital, warrants and share options (continued)

*Effect on diluted earnings per share*

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

#### 5. Property, plant and equipment

	Office furniture	Geological and communications equipment	Vehicles	Total
	\$	\$	\$	\$
<b>Cost</b>				
Balance as at February 28, 2011	10,894	654,165	385,687	1,050,746
Additions	1,560	98,357	524	100,441
Effect of foreign exchange differences	(249)	(20,718)	(10,753)	(31,720)
<b>Balance as at May 31, 2011</b>	<b>12,205</b>	<b>731,804</b>	<b>375,458</b>	<b>1,119,467</b>
<b>Accumulated depreciation</b>				
Balance as at February 28, 2011	(1,529)	(176,968)	(117,965)	(296,462)
Depreciation expense	(604)	(56,259)	(30,179)	(87,042)
Effect of foreign exchange differences	4	1,170	644	1,818
<b>Balance as at May 31, 2011</b>	<b>(2,129)</b>	<b>(232,057)</b>	<b>(147,500)</b>	<b>(381,686)</b>
<b>Carrying amount as at May 31, 2011</b>	<b>10,076</b>	<b>499,747</b>	<b>227,958</b>	<b>737,781</b>
<b>Cost</b>				
Balance as at February 28, 2010	2,210	184,814	215,949	402,973
Additions	9,187	529,562	262,496	801,245
Disposals	-	-	(50,190)	(50,190)
Effect of foreign exchange differences	(503)	(60,211)	(42,568)	(103,282)
<b>Balance as at February 28, 2011</b>	<b>10,894</b>	<b>654,165</b>	<b>385,687</b>	<b>1,050,746</b>
<b>Accumulated depreciation</b>				
Balance as at February 28, 2010	(184)	(15,525)	(13,014)	(28,723)
Depreciation expense	(1,384)	(172,977)	(113,999)	(288,360)
Effect of foreign exchange differences	39	11,534	9,048	20,621
<b>Balance as at February 28, 2011</b>	<b>(1,529)</b>	<b>(176,968)</b>	<b>(117,965)</b>	<b>(296,462)</b>
<b>Carrying amount as at February 28, 2011</b>	<b>9,365</b>	<b>477,197</b>	<b>267,722</b>	<b>754,284</b>

The following useful lives were determined:

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

# Lithium Americas Corp.

## Notes to the condensed consolidated interim financial statements

May 31, 2011

(In Canadian dollars, except where otherwise noted - unaudited)

### 6. Property rights and exploration costs

	Note	Property rights \$	Exploration costs \$	Total \$
Balance as at February 28, 2011		3,780,080	24,610,022	28,390,102
Additions by way of the following consideration:				
Cash		1,039,608	2,376,602	3,416,210
Share options granted	4	-	20,662	20,662
Total additions for the three months ended				
May 31, 2011		1,039,608	2,397,264	3,436,872
Effect of foreign exchange differences		(173,822)	(775,004)	(948,826)
<b>Carrying amount as at May 31, 2011</b>		<b>4,645,866</b>	<b>26,232,282</b>	<b>30,878,148</b>

		Property rights \$	Exploration costs \$	Total \$
Balance as at February 28, 2010		2,874,532	7,014,757	9,889,289
Additions by way of the following consideration:				
Cash and note payable		1,379,296	19,283,036	20,662,332
Options issued		-	166,928	166,928
Total additions for the year ended				
February 28, 2011		1,379,296	19,449,964	20,829,260
Effect of foreign exchange differences		(473,748)	(1,854,699)	(2,328,447)
Balance February 28, 2011		3,780,080	24,610,022	28,390,102

### 7. Other assets

As at	May 31, 2011 \$	February 28, 2011 \$
Accounts receivable	3,266	15,849
Harmonized sales tax receivable	44,665	-
Deposits and prepaid expenses	66,371	92,191
<b>Total other assets</b>	<b>114,302</b>	<b>108,040</b>

### 8. Related party transactions

During the three months ended May 31, 2011 the Company contracted a construction company, Magna Construcciones, related to a director of the Company, for \$118,037 (2010 - \$536,863) of which \$101,980 was included in due to related parties (February 28, 2011 - \$144,159). These transactions were in the normal course of business and were measured at the exchange amount established and agreed to by the related parties.

# Lithium Americas Corp.

## Notes to the condensed consolidated interim financial statements

May 31, 2011

(In Canadian dollars, except where otherwise noted - unaudited)

### 8. Related party transactions (continued)

During the three months ended May 31, 2010 the Company shared resources with Latin American Minerals Inc. ("LAT") and paid \$23,298 to LAT to cover its proportionate share of office 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.

During the three months ended May 31, 2010 the Company paid cash in the amount of \$440,150 plus 237,918 warrants with various terms and expiry dates to PowerOne Capital Market Limited ("PowerOne") as consideration for registered exempt market dealer services in connection with the Company's IPO. One current and one former director of the Company are employees of PowerOne. There were no transactions between the Company and PowerOne during the three months ended May 31, 2011.

The Chief Executive Officer and director of the Company, was paid \$67,545 (2010 - \$58,123) in cash compensation and \$59,826 (2010 - \$81,936) in share based compensation.

The Chief Financial Officers of the Company received \$46,115 (2010 - \$18,000) in cash compensation and \$50,815 (2010 - \$8,906) in share based compensation.

*Due to related parties*

As at	May 31, 2011	February 28, 2011
	\$	\$
Magna Construcciones	101,980	144,159
Due to management and directors	45,600	229,545
Total due to related parties	147,580	373,704

*Compensation of key management personnel*

For the three months ended May 31,	2011	2010
	\$	\$
Short-term benefits	155,520	85,670
Share-based payments	359,962	545,762
Total compensation of key management personnel	515,482	631,432

### 9. Commitments for expenditure

As at May 31, 2011 (in US dollars):

	Not later than 1 year	Later than 1 year and not later than 5 years	Total
	\$	\$	\$
Commitments for:			
Maintenance and acquisition of property rights	925,000	1,010,000	1,935,000
Total commitments for expenditure	925,000	1,010,000	1,935,000

# Lithium Americas Corp.

## Notes to the condensed consolidated interim financial statements

May 31, 2011

(In Canadian dollars, except where otherwise noted - unaudited)

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### 9. Commitments for expenditure (continued)

#### *Commitments contingent on future events*

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

- A further payment of US\$300,000 (Cdn\$290,580) is contingent upon production commencement;
- The original vendor of the property is entitled to 3% of the net profit of the mining profits from production on the property which right may be bought out by the Company by the payment of US\$7,000,000 (Cdn\$6,780,200) at any time; and
- An annual royalty obligation of US\$200,000 commences in April 2012 as a result of the Company exercising its option to purchase certain usufruct rights on the Cauchari salar.

### 10. Non-cash transactions

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

The capitalization of share-based payment amounts to property rights and exploration costs in the amount of \$20,662 (2010 - \$47,792). Refer to notes 4 and 6.

### 11. Subsidiaries

At May 31, 2011 and 2010 the Company had a 100% beneficial ownership in its subsidiary, Minera Exar S.A. The subsidiary is incorporated in Argentina and its principal activity is the exploration of mineral properties.

At May 31, 2011 the Company also had a 100% ownership in its subsidiary, 2265866 Ontario Inc. The subsidiary is incorporated in Ontario and held 11% of the Company's 100% ownership in its subsidiary, Minera Exar S.A.

### 12. Financial instruments

#### *Capital risk management*

The Company defines capital as total equity. The Company manages its capital to ensure that funds are available or are scheduled to be raised to provide adequate funds to carry out the Company's defined exploration programs and to meet its ongoing administrative costs. As at May 31, 2011 total equity was \$52,935,496 (February 28, 2011 - \$53,631,846).

This is achieved by the Board of Directors' review and acceptance of exploration budgets that are achievable within existing resources and the timely matching and release of the next stage of expenditures with the resources made available from private placements or other fund raisings.

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

#### *Liquidity risk management*

The Company manages liquidity risk by maintaining adequate cash balances and in accordance with the capital management policy. Management continuously monitors forecasts and actual cash flows.

The following table has been drawn up based on the undiscounted cash flow of financial liabilities based on the earliest date on which the Company could be required to pay:

# Lithium Americas Corp.

## Notes to the condensed consolidated interim financial statements

May 31, 2011

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### 12. Financial instruments (continued)

#### Liquidity risk management (continued)

As at	May 31, 2011			February 28, 2011	
	Less than 1 month	1-3 months	3 months to 1 year	Total	Total
	\$	\$	\$	\$	\$
Accounts payable					
accrued liabilities	-	997,368	-	997,368	1,048,326
Due to related parties	45,600	101,980	-	147,580	373,704
	<b>45,600</b>	<b>1,099,348</b>	<b>-</b>	<b>1,144,948</b>	<b>1,422,030</b>

None of the financial liabilities included in the table above is interest bearing. Refer to note 9 for additional liquidity risk for the Company, based on expected cash flows relating to commitments.

#### 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 May 31, 2011 the cash and cash equivalents balance was \$22,350,213 (February 28, 2011 - \$25,801,450). The Company's cash and cash equivalents are denominated in the following currencies:

As at	May 31, 2011	February 28, 2011
	\$	\$
Denominated in Canadian dollars	21,435,052	25,179,074
Denominated in US dollars	122,247	92,386
Denominated in Argentine pesos	792,914	529,990
<b>Cash and cash equivalents</b>	<b>22,350,213</b>	<b>25,801,450</b>

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 amounts of the Company's foreign currency denominated assets and monetary liabilities in Canadian dollars are:

As at	May 31, 2011		February 28, 2011	
	Assets	Liabilities	Assets	Liabilities
	\$	\$	\$	\$
Argentine pesos	814,479	658,173	545,839	709,441
United States of America dollars	122,248	121,512	92,386	162,025

Based on the above balances, had the Canadian Dollar strengthened/weakened by 5% against the Argentine peso, the Company's equity would have been \$7,815 lower/higher (February 28, 2011 - \$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 \$37 lower/higher (February 28, 2011 - \$3,482 higher/lower).

# Lithium Americas Corp.

## Notes to the condensed consolidated interim financial statements

May 31, 2011

(In Canadian dollars, except where otherwise noted - unaudited)

### 12. Financial instruments (continued)

#### *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 high credit ratings. The Company is also exposed to credit risk on other assets. Refer to note 13 for maximum exposure on these balances.

### 13. Categories of financial instruments

	May 31, 2011	February 28, 2011
	Carrying amount	Carrying amount
	\$	\$
Financial assets		
Loans and receivables		
Cash and cash equivalents	22,350,213	25,801,450
Accounts receivable	3,266	15,849
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	997,368	1,048,326
Due to related parties	147,580	373,704

The carrying amount of each of the financial instruments represents the fair value thereof, because these are of a short-term nature.

### 14. Supplemental cash flow information

During the three months ended May 31, 2011 the Company made cash payments for Argentina income taxes of \$nil (2010 - nil).

During the three months ended May 31, 2011 the Company received cash interest receipts of \$76,579 (2010 - \$13,534) and made nil cash interest payments (2010 - nil).

### 15. Subsequent events

On June 15, 2011 the Board of Directors approved a grant of 450,000 share options to two Directors to purchase common shares of the Company at \$1.63 with an expiry date of June 15, 2016, in accordance with the terms of the Company's Stock Option Plan.