SALARES LITHIUM INC.

(formerly P2P Health Systems Inc.)

MANAGEMENT DISCUSSION AND ANALYSIS

Three and Six Months Ended January 31, 2010

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis ("MD&A") of the financial condition and results of operations of Salares Lithium Inc. (*formerly P2P Health Systems Inc.*) (the "Company"), dated as at March 19, 2010, should be read in conjunction with the interim unaudited financial statements and accompanying notes for the three and six months ended January 31, 2010 and our audited financial statements and the accompanying notes for the year ended July 31, 2009. The reader should note that there has been a change of management and change of business, which was announced in June 2009. Please refer to the Company's June 3, October 15, November 11 and November 26, 2009 news releases which can be found at www.sedar.com.

All monetary amounts in this MD&A and in the financial statements are expressed in Canadian dollars, unless otherwise stated. All of the financial information referenced below has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") applied on a consistent basis.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements (see "Forward-Looking Statements" reference in this report).

Description of Business

The Company was formed on October 6, 2003 by the completion of a takeover bid by Technology and Resource Capital Corporation ("TRC"), a capital pool company listed on the TSX Venture Exchange (the "Exchange") pursuant to which TRC acquired all of the issued and outstanding shares of Person to Person Health Systems Inc., a private company amalgamated under the *Nova Scotia Companies Act* on January 15, 2001 ("Person to Person"). Person to Person then became the Company's wholly-owned subsidiary. In conjunction with the acquisition, TRC changed its name to P2P Health Systems Inc. and Person to Person was discontinued under Section 133 of the *Companies Act of Nova Scotia* and was granted a Certificate of Continuance under the British Columbia Company Act. Subsequent to the Company's fiscal year ended July 31, 2008, the subsidiary Person to Person was wound up and dissolved.

On June 3, 2009, the Company announced that it had entered into a letter agreement dated May 22, 2009, with Salares Atacama SCM ("SALA"), a private Chilean incorporated company, and its individual shareholders, all residents of Chile (collectively, the "Shareholders"). Pursuant to the letter agreement, the Company has the option to acquire up to 70% of the outstanding share capital of SALA. SALA is the 100% owner of concessions on seven salares (brine lakes) ("Salares 7") known as Piedra Parada, Grande, Aguilar, Agua Amarga, La Isla, Las Parinas and Maricunga in Chile's Region III.

The Company executed an Irrevocable Option to Purchase Agreement (the "IOA") and a Partner Agreement ("PA") on November 25, 2009, which replaces and supersedes the letter agreement dated May 22, 2009, as amended, pursuant to which the Company was granted the option to acquire up to 70% in the share capital of SALA.

Effective November 26, 2009, the Company changed its name to 'Salares Lithium Inc.' from 'P2P Health Systems Inc.' and graduated from the NEX board ("NEX") to the Exchange as a Tier 2 mining issuer under the symbol 'LIT'.

Activities for the Reporting Period

On November 25, 2009, the Exchange issued a final bulletin approving the change of business, graduation from NEX to the Exchange, a symbol change, a private placement, consolidation of the Company's share capital and a change of name. Proceeds from the private placement, which closed on September 22, 2009, were released from escrow on the November 26, 2009.

On December 1, 2009, the Company announced the appointment of Dr. Luis Ignacio Silva, PhD, C.Eng, as Exploration and General Manager, Chile and the initiation of exploration on its' Salares 7 lithium project. The program includes geophysical surveys to define the size and extent of brine pools within the basins and detailed sampling of the brines within the salares.

On January 5, 2010, the Company reported that it had significantly increased the size of its' Salares 7' project by acquiring, through staking of concessions, an additional 57,200 hectares. The project area is now 96,604 hectares (966 square kilometres), which is more than double the original core salare (brine lake) concession holdings of 39,404 hectares (394 square kilometres).

On January 26, 2010, the Company announced the commencement of the first phase of the exploration program of a 54-line kilometre Transient Electromagnetic ("TEM") geophysical survey on the Company's Salar de La Isla and Salar de Las Parinas. The TEM geophysics program is being carried out by Geodatos SAIC of Santiago, Chile, a well known Chilean geophysics company with broad international experience. TEM uses electromagnetic impulse excitation to investigate the subsurface. It is a variation of the electromagnetic method in which electric and magnetic fields are induced by transient pulses of electrical current in coils or antennas instead of by continuous current. TEM surveys have become the most popular surface EM technique used in exploration for minerals, groundwater and environmental mapping.

On January 29, 2010, the Company announced that Mr. Pablo Mir had joined its Board of Directors. Mr. Mir is a Partner with the Chilean law firm of Bofill Mir & Alvarez Hinzpeter Jana where he leads the Natural Resource Practice in Santiago. Mr. Mir, who is considered a mining and natural resources legal specialist, graduated from Universidad de Chile, cum laude, and was admitted to the Chilean Bar in 1987. The Company granted 250,000 incentive stock options to Mr. Mir pursuant to its Stock Option Plan.

On January 29, 2010, the Company also announced that is had formed a Technical Management Committee (the "Committee"). The Committee will oversee the exploration and development programs on the Company's lithium brine properties. The Company's representatives on the Committee are Dr. David Shaw, PhD, Chairman of the Company, and Mr. Ignacio Silva, PhD, C. Eng., the Company's General Manager in Chile. SALA's representative on the Committee is Mr. Juan Villarzu, former President and CEO of Codelco, a Chilean state owned copper mining company.

Subsequent Events

On February 19, 2010, the Company announced the formation of a Corporate Advisory Board to assist in the development of the Company and its Salares 7 project. The Company's initial appointee is Dr. Ian Hutcheon. Dr. Hutcheon received his B.Sc. degree from the University of British Columbia (1969) and his Ph.D. from Carleton University in Ottawa (1997). His experience and focus in geochemistry and water-rock reactions will be a great asset to the Company in the understanding, and possible development, of the brine pools at the Salares 7 lithium project.

On February 19, 2010, the Company granted 100,000 incentive stock options to Dr. Hutcheon as a member of the Corporate Advisory Board. In addition, 400,000 incentive stock options were granted to each of Dr. David Shaw as Chairman of the Board and Vice President, Exploration and Mr. Todd Hilditch as President and Chief Executive Officer.

Salares 7 Project

The Agreement

The Agreement with SALA grants the Company an option to acquire up to 70% of the outstanding share capital of SALA, which is the sole owner of concessions on seven salares (brine lakes) known as Piedra Parada, Grande, Aguilar, Agua Amarga, La Isla, Las Parinas and Maricunga (collectively, the "Concessions") in Chile's Region III. Historical sampling has reported lithium and potash levels in all of the Concessions.

Under the Agreement, the Company has the exclusive right and option to acquire:

1. an initial 50% ownership interest (the "First Option") in SALA, and indirectly the Concessions, upon filing with the Canadian regulatory authorities a National Instrument 43-101 compliant technical report regarding the Concessions (which was filed on October 15, 2009), and carrying out expenditures on the Concessions of US$2,500,000 on or before the third anniversary of the entering into by the parties of the Agreement; and

2. an additional 20% ownership interest (the "Second Option") in SALA, and indirectly the Concessions, upon completion, at the Company's expense, and delivery to SALA's board of directors a bankable feasibility study (the "Feasibility Study") on the Concessions within 24 months from the date the First Option is exercised.

Notwithstanding that the Company may elect to exercise the First Option, there is no obligation to complete and deliver the Feasibility Study or exercise the Second Option. If the Company exercises the First Option but does not exercise the Second Option, it will retain its 50% ownership interest in SALA. If the First Option is terminated other than by the exercise thereof, the Company will have no further obligations or interest in the Concessions.

Upon completion of the Feasibility Study, the Company will have the exclusive right to arrange for project financing for the Concessions which are the subject of the Feasibility Study.

The board of directors of SALA will at all times be comprised of three directors, with the Company entitled to appoint two nominees and the Shareholders collectively being entitled to appoint one nominee, regardless of the number of shares of SALA being held by the Company or the Shareholders at any such time. Together with the Shareholders, the Company has formed a technical management committee which is comprised of three members, with the Company designating two members and the Shareholders collectively designating one member, to oversee the operations of the exploration and development of the Concessions including the supervision of the preparation of the Feasibility Study (see page 2 of the MD&A for more information regarding the technical management committee).

If any of the Shareholders or the Company wishes to sell its ownership interest in SALA, the other parties have a pre-emptive right of first refusal to acquire such shares.

The Project

The Salares 7 lithium project has a unique feature in that 5 of the Salares 7 are clustered within 155 km's, in an area easily accessible by road. The second unique aspect of these 5 clustered salares is that they are, with the SALA partners ,100% owned. There is no severed ownership, allowing for the Company to advance beyond exploration, subject to feasibility, unencumbered by possible competing parties. The initial phase of the exploration program is based on the recommendations set forth in the Technical Report and will encompass geophysical surveys to define the size and extent of brine pools within the basins and detailed sampling of the brines within the salares.

Annual Financial Information

The following selected financial information is derived from the audited financial statements of the Company for the years ended July 31, 2009, 2008 and the seven months ended July 31, 2007 and the year ended December 31, 2006, which are prepared in accordance with Canadian GAAP.

	Year Ended July 31, 2009	Year Ended July 31, 2008	Seven months Ended July 31, 2007	Year Ended December 31, 2006
	$	$	$	$
Operations:				
Revenues	-	-	-	-
Net loss	1,011,911	252,616	1,220,063	281,153
Net loss per share	0.05	0.02	0.04	0.01
Balance Sheet:				
Working capital (deficit)	(137,112)	108,082	(238,024)	(559,124)
Total assets	143,560	396,053	558,386	13,078
Total liabilities	224,734	207,193	779,046	716,199

Quarterly Financial Data

The following is a summary of the Company's quarterly results for the eight most recently completed financial quarters ended January 31, 2010:

Description	Jan 31, 2010 $	Oct 31, 2009 $	July 31, 2009 $	Apr 30, 2009 $	Jan 31, 2009 $	Oct 31 2008 $	Jul 31, 2008 $	Apr 30, 2008 $
Total assets	*2,021,187*	*289,746*	*143,560*	*119,930*	*313,503*	*235,559*	*396,053*	*201,176*
Working capital (deficiency)	*1,457,978*	*(434,144)*	*(137,112)*	*(124,300)*	*67,158*	*(46,995)*	*108,082*	*(647,195)*
Shareholders' equity (deficiency)	*1,776,375*	*(234,752)*	*(81,174)*	*(51,808)*	*143,918*	*34,330*	*188,860*	*(555,178)*
Total Revenues	-	-	-	-	-	-	-	-
Operating expenses	*289,446*	*451,662*	*262,454*	*238,402*	*259,051*	*197,205*	*728,158*	*744,427*
Net income (loss)	*(288,943)*	*(451,662)*	*(317,253)*	*(238,402)*	*(259,051)*	*(197,205)*	*(252,616)*	*8,338*
Basic and diluted income (loss) per share	*(0.01)*	*(0.02)*	*(0.02)*	*(0.01)*	*(0.01)*	*0.00*	*(0.01)*	*(0.01)*

Results of Continuing Operations

Three months ending January 31, 2010 and 2009:

The Company reported a net loss of $289,446 (2009 - $259,051) which included non-cash stock based compensation expense of $93,549 (2009 - $42,675).

- Professional fees increased to $81,062 (2009 - $34,161). The predominant increase in professional fees is due from the additional legal work required to facilitate the change of business and symbol, the graduation from NEX to the Exchange, a private placement, a consolidation of share capital and a change of name.
- Administrative related expenses decreased to $9,398 (2009 - $31,687).
- Management fees increased to $73,292 (2009 - $40,000) during the period due from the additional personnel required pertaining to the Salares 7 lithium project when compared to the prior period.
- Filing and transfer fees increased to $12,962 (2009 - $4,970). This included the costs related to normal course regulatory filings and monthly transfer agent fees. Additional filings were required due to the increased level of activity during the period.
- Office related expenses decreased to $8,684 (2009 - $15,762).
- Research and due diligence fees decreased to $Nil (2009 – $80,814) due from the change of business activities during the period from research and development to mineral exploration.

General and administrative expenses excluding stock-based compensation during the three months ended January 31, 2010 decreased by 8% compared to the prior year's comparable period.

Six months ending January 31, 2010 and 2009:

The Company reported a net loss of $740,602 (2009 - $456,258) which included non-cash stock-based compensation expense of $370,112 (2009 - $85,350).

- Professional fees increased to $90,095 (2009 - $34,161). The predominant increase in professional fees is due from the additional legal work required to facilitate the change of business and symbol, the graduation from NEX to the Exchange, a private placement, a consolidation of share capital and a change of name.

- Administrative related expenses decreased to $17,874 (2009 - $46,687).

- Management fees increased to $108,292 (2009 - $68,000) during the period due from the additional personnel required pertaining to the Salares 7 lithium project when compared to the prior period.

- Filing and transfer fees increased to $27,950 (2009 - $9,463). This included the costs related to normal course regulatory filings and monthly transfer agent fees. Additional filings were required due to the increased level of activity during the period.

- Office related expenses decreased to $23,365 (2009 - $41,288).

- Research and due diligence fees decreased to $92,918 (2009 – $97,314) due from the change of business activities during the period from research and development to mineral exploration. This type of expenditure is not anticipated in future operations.

General and administrative expenses excluding stock-based compensation during the six months ended January 31, 2010 increased by 1% compared to the prior year's comparable period.

Liquidity and Capital Resources

Activities of the Company have historically been funded through the sale of common shares and government assistance (prior to the reactivation) relating to research and due diligence activities and sales and marketing operations.

As at January 31, 2010, the Company had a working capital balance of $1,457,978 compared to a working capital deficit balance of $137,112 at July 31, 2009. A cash balance of $1,643,962 was held at January 31, 2010, compared to $47,553 at July 31, 2009. As at January 31, 2010, current liabilities included accounts payable and accrued liabilities of $244,812 compared to $224,734 as at July 31, 2009.

Net cash used in operating activities for the six months ended January 31, 2010 was $369,171 compared to $396,707 for the prior year's comparable period.

During the six months ended January 31, 2010, a total of 3,566,250 share purchase warrants were exercised for total proceeds of $717,000 and 315,625 share purchase options were exercised for proceeds of $63,125.

During the six month period ended January 31, 2010, the Company completed a non-brokered private placement of 9,375,000 units for gross proceeds of $1,500,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of $0.32 per common share until November 26, 2012.

The Company has sufficient working capital to fund exploration activities planned on its properties, as well as costs related to claim maintenance fees and general and administrative expenses for the next 12 months.

Related Party Transactions

During the six month period ended January 31, 2010, the Company entered into transactions with related parties as follows:

(a) Paid management fees of $81,833 (2009 - $68,000) to an officer and to companies controlled by directors of the Company.

(b) Paid acquisition and consulting fees of $60,264 (2009 - $Nil) to companies controlled by directors of the Company. All of these fees have been capitalized under deferred mineral property interests.

(c) Paid or accrued administrative and consulting fees of $Nil (2009 - $89,668) to officers or companies controlled by officers of the Company.

(d) As at January 31, 2010, $21,884 (2009 – Nil) is due from a company controlled by a director of the Company which is included in receivables.

Related party transactions have been recorded at the exchange amount, which is the amount agreed to between the parties.

Outstanding Share Data

a) Authorized: Unlimited number of common shares without par value.

b) Issued and outstanding as at January 31, 2010: 35,471,712 common shares with a stated value of $7,516,802.

c) Outstanding incentive stock options:

Number of Shares	Exercise Price	Expiry Date
(post-consolidation)		Expiry Date
62,500	$0.60	April 4, 2012
150,000	$0.20	May 26, 2013
1,760,000	$0.20	October 13, 2014
250,000	$0.62	January 28, 2015

During the six months ended January 31, 2010, 315,625 stock options were exercised for proceeds of $63,125 and 59,375 stock options were forfeited and cancelled.

d) Outstanding warrants:

Number of Warrants	Exercise Price	Expiry Date
(post-consolidation)		
9,343,750	$0.32	November 26, 2012

During the six months ended January 31, 2010, 3,566,250 warrants were exercised for proceeds of $717,000 and 50,000 warrants were forfeited and cancelled.

e) Shares in escrow or pooling agreements: Nil

f) As at March 19, 2010, there were 35,671,212 issued and outstanding common shares, 2,222,500 outstanding stock options and 9,143,750 outstanding warrants.

Market Risks

Market risks represent the risk of loss that may impact the Company's consolidated financial statements due to adverse changes in financial market prices and rates. Management monitors the movement of currency exchange rates and, on that basis, decides on the appropriate measures to take. The Company does not hold or issue financial instruments for trading purposes.

Market for Securities

Effective November 26, 2009 the Company's common shares are listed and posted for trading on the Exchange under the trading symbol "**LIT**". Prior to this date they were listed on the NEX under the symbol 'PTP.H'.

Off Balance Sheet

No off balance sheet transactions or commitments as defined by National Instrument 51 –102 have been transacted during the six months ended January 31, 2010.

Critical Accounting Estimates

The preparation of financial statements in accordance with GAAP requires the Company to select from possible alternative accounting principles and to make estimates and assumptions that affect the reported results. Critical accounting policies that affect the financial statements are summarized in Notes 2 to the audited consolidated financial statements for the year ended July 31, 2009 and the unaudited interim financial statements for the three and six months ended January 31, 2010.

Changes in Accounting Policies Including Initial Adoption

There were no changes in accounting polices for the six months ended January 31, 2010.

Management's Responsibility for Financial Information

Management has prepared the information and representations in this report. The financial statements have been prepared to conform to GAAP and, where appropriate, reflect management's best estimates and judgment. The financial information presented throughout this report is consistent with the data presented in the audited consolidated financial statements.

Additional Disclosure for Venture Issuers Without Significant Revenue

Additional disclosure concerning the Company's general and administrative expenses and mineral property costs is provided in its consolidated statements of operations, deficit and comprehensive loss and the notes contained in its consolidated interim financial statements for the three and six months ended January 31, 2010.

Approval

The Company's Board of Directors has approved the disclosure contained in this MD&A.

Additional Information

Additional information relating to its company is available on SEDAR at www.sedar.com.

Forward-Looking Statements

This document contains forward-looking statements, which may include sales, earnings, and profitability comments. These statements may contain words such as "anticipated", "expected", "could", "should", "may", "plans", "will", or similar expressions that are based on and arise out of its experience, its perception of trends, current conditions and expected future developments of the Company or other factors. These statements are not a guarantee of future performance. By their very nature, forward-looking statements involve uncertainties and the risk that the forecasts and targets will not be achieved.

Readers are cautioned not to place undue reliance on forward-looking statements as a number of important factors, as disclosed herein and in its other continuous disclosure documents, could cause actual results to differ materially from those expressed in such forward-looking statements. The Company includes in publicly available documents filed from time to time with securities commissions and the Exchange, a thorough discussion of the risk factors that can cause its anticipated outcomes to differ from actual outcomes. The Company disclaims any intention or obligation to update or revise forward-looking statements.