

Extractive Sector Transparency Measures Act - Annual Report



Reporting Entity Name	Lithium Americas Corp.					
Reporting Year	From	1/1/2018	To:	12/31/2018	Date submitted	5/30/2019
Reporting Entity ESTMA Identification Number	E517256	<input checked="" type="radio"/> Original Submission <input type="radio"/> Amended Report				
Other Subsidiaries Included (optional field)						
Not Consolidated						
Not Substituted						
Attestation Through Independent Audit	<p><i>In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest that I engaged an independent auditor to undertake an audit of the ESTMA report for the entity(ies) and reporting year listed above. Such an audit was conducted in accordance with the Technical Reporting Specifications issued by Natural Resources Canada for independent attestation of ESTMA reports.</i></p> <p><i>The auditor expressed an unmodified opinion, dated 2019-05-29, on the ESTMA Report for the entity(ies) and period listed above. The independent auditor's report can be found at www.lithiumamericas.com/investors/estma.</i></p>					
Full Name of Director or Officer of Reporting Entity	Eduard Epshtein			Date	5/30/2019	
Position Title	CFO					

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Reporting Entity Name	Lithium Americas Corp.		
Reporting Entity ESTMA Identification Number	E517256		
Subsidiary Reporting Entities (if necessary)			

Payments by Payee

Country	Payee Name	Departments, Agency, etc... within Payee that Received Payments	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes
United States of America	Federal Government of the United States of America	Bureau of Land Management			523,141					523,141	

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Subsidiary Reporting Entities (if necessary)			

Payments by Project

Country	Project Name	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes
United States of America	Thacker Pass Project			523,141					523,141	

Introduction

Lithium Americas Corp. and its subsidiaries (collectively the “Company” or “LAC”) has prepared the following consolidated report (“the Report”) of payments made to government entities for the year ended December 31, 2018 as required by the Extractive Sector Transparency Measures Act S.C. 2014, c.39, s.376 (“ESTMA” or “the Act”).

Basis of preparation

The Report is presented in US Dollars (US\$) and has been prepared in accordance with the requirements of the Act and the Natural Resources Canada (“NRCan”) Technical Reporting Specifications.

The following is a summary of definitions and judgments that the Company has made for the purpose of preparing the Report.

Cash and in-kind payments

Payments are reported on a cash basis and have been reported in the period in which the payment was made. In-kind payments, if any, are converted to an equivalent cash value based on cost or, if cost is not determinable, the in-kind payment is reported at the fair market value. The valuation method for each payment has been disclosed in the notes section of the Report. Payments to the “same payee” that meet or exceed CA\$100,000 (US\$77,000) in one category of payment are disclosed.

Payee

For the purposes of the Act, a payee is:

- a. Any government in Canada or in a foreign state;
- b. A body that is established by two or more governments; or
- c. Any trust, board, commission, corporation or body or other authority that is established to exercise or perform, or that exercises or performs, a power, duty or function of a government for a government referred to in paragraph (a) above or a body referred to in paragraph (b) above.

Payees include governments at any level, including national, regional, state, provincial, local, or municipal levels. Payees also include any government-owned or government-controlled entities that exercise or perform a power, duty or function of government.

Indigenous groups and organizations within Canada and in other jurisdictions may be regarded as governments for purposes of qualifying as a payee under the Act. For the year ended December 31, 2018, there were no reportable payments to an Indigenous payee.

Reportable Payments

A reportable payment for ESTMA purposes is one that:

- a. Is made to the same payee;
- b. Is made in relation to the commercial development of oil, gas or minerals; and
- c. Totals, as a single or multiple payments, CA\$100,000 or more in the year in one of the following prescribed seven payment categories:

Taxes

This category includes taxes paid by the Company on its income, profits or production in relation to the commercial development of mineral resources. Taxes that are required to be reported include corporate income taxes, resources taxes, property taxes, and other levied taxes, excluding consumption, personal income taxes and taxes withheld by the Company on behalf of others.

For the year ended December 31, 2018, there were no reportable tax payments to a payee.

Royalties

Royalties are payments for the rights to extract mineral resources, typically at a set percentage of revenue. Both cash royalties and royalties paid in-kind are reported in this category. For the year ended December 31, 2018, there were no reportable royalties payments to a payee.

Fees

Fees are amounts levied on the initial or ongoing right to use a geographical area for commercial development of oil, gas and minerals. Fees include license fees, permit fees, entry fees, regulatory charges and other payments for licenses and/or concessions. Amounts paid for goods and services in the ordinary course of commercial transactions are excluded.

Production entitlements

A payee's share of oil, gas or mineral production under a production sharing agreement or similar contractual or legislated arrangement is reported under this category. For the year ended December 31, 2018, there were no reportable production entitlement payments to a payee.

Bonuses

Signing, discovery, production and any other type of bonuses paid to a payee in relation to the commercial development of mineral resources are reported under this category. For the year ended December 31, 2018, there were no reportable bonuses payments to a payee.

Dividends

Dividends are dividend payments, other than dividends paid to a payee as an ordinary shareholder of the Company on shares that were acquired by the payee on the same terms as were available at the time of acquisition to other shareholders, that are not in lieu of any other reportable payment. For the year ended December 31, 2018, there were no reportable dividends payments to a payee.

Infrastructure improvement payments

This payment category consists of payments for the construction of infrastructure that do not relate primarily to the operational purposes of the Company. For the year ended December 31, 2018, there were no reportable infrastructure improvements payments to a payee.

Significant Estimates and Judgements

The preparation of the Report in accordance with the Act requires the use of the following judgements, estimates and assumptions:

Payments by Project Level

Payments have been reported at the project level as required by the Act. A “project” means the operational activities are governed by a single contract, license, lease, concession or similar legal agreement that forms the basis for a payment liability with a payee. If multiple such agreements are substantially interconnected, they would be considered a single project.

“Substantially interconnected” means forming a set of operationally and geographically integrated contracts, licenses, leases or concessions or related agreements with substantially similar terms that are signed with a government and give rise to payment liabilities.

The Company has determined that the operational activities governed by surface or mineral lease contracts related to key operational areas are substantially interconnected and has reported payments related to each such area as a single project. The Company has considered geographical location, common mining license and common infrastructure as the key indicators for making this determination.

Commercial Development

The Act defines ‘commercial development of oil, gas or minerals’ as:

- a) The exploration or extraction of oil, gas or minerals;
- b) The acquisition or holding of a permit, license, lease or any other authorization to carry out any of the activities referred to in paragraph (a); or
- c) Any other prescribed activities in relation to oil, gas or minerals.

Payments made by the Company to payees relating to the commercial development of oil, gas or minerals (“commercial development”) are disclosed in this Report. The Company’s initial processing activities which are integrated with its extraction operations are included in commercial development. The Report excludes payments that are not related to the Company’s commercial development activities.

Payments Made in Situations of Joint Control

The Company reports all cash payments that it pays directly to a payee, and includes all amounts paid as an operator as part of a joint arrangement. This is the case even where the Company as the operator has been proportionally and directly reimbursed by its non-operating partners. The Company has a joint venture in Argentina (“Joint Venture”). The Company’s reportable payments to payees by the Joint Venture did not exceed the reporting threshold in 2018 and were not included in its Report.



Independent auditor's report

To the Board of Directors of Lithium Americas Corp.

Our opinion

In our opinion, the accompanying Extractive Sector Transparency Measures Act (ESTMA) – Annual Report (the consolidated financial information) of Lithium Americas Corp. and its subsidiaries (the Company) for the year ended December 31, 2018 is prepared, in all material respects, in accordance with the basis of accounting described in the notes.

What we have audited

The Company's consolidated financial information comprises the schedules of payments by payee and payments by project for the year ended December 31, 2018 and the notes to the consolidated financial information, which includes a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial information* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial information in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – basis of accounting

We draw attention to the Basis of Preparation note to the consolidated financial information, which describes the basis of accounting. The consolidated financial information is prepared to assist the Company in complying with the reporting requirements of the ESTMA. As a result, the consolidated financial information may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Responsibilities of management and those charged with governance for the consolidated financial information

Management is responsible for the preparation of the consolidated financial information in accordance with the reporting requirements of the ESTMA, and for such internal control as management determines is necessary to enable the preparation of consolidated financial information that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial information

Our objectives are to obtain reasonable assurance about whether the consolidated financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this consolidated financial information.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Craig McMillan.

(signed) PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia, Canada
May 29, 2019