LITHIUM AMERICAS CORP.

(Formerly Western Lithium USA Corp.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED MARCH 31, 2016

(Expressed in US Dollars)
(Unaudited – Prepared by Management)

LITHIUM AMERICAS CORP.
(Formerly Western Lithium USA Corp.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in thousands of US dollars)

	March 31, 2016 $	September 30, 2015 $
CURRENT ASSETS		
Cash and cash equivalents	2,706	5,552
Receivable from Joint Venture (Note 4)	13,333	-
Receivables, prepaids and deposits	935	1,077
Inventories	536	426
	17,510	7,055
NON-CURRENT ASSETS		
Restricted cash	150	150
Receivable from Joint Venture (Note 4)	1,667	-
Capital assets (Note 5)	19,164	18,713
Exploration and evaluation assets (Note 6)	1,010	42,623
Investment in Joint Venture (Note 4)	18,163	-
	40,154	61,486
TOTAL ASSETS	57,664	68,541
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	2,168	3,285
Convertible security (Note 8)	1,513	2,772
Current portion of long-term borrowing (Note 7)	120	117
Obligation under finance leases	42	41
	3,843	6,215
LONG-TERM LIABILITIES		
Long-term borrowing (Note 7)	926	988
Obligation under finance leases	102	123
Decommissioning provision	170	300
	1,198	1,411
TOTAL LIABILITIES	5,041	7,626
SHAREHOLDERS' EQUITY		
Share capital	104,610	99,318
Contributed surplus	11,477	10,847
Accumulated other comprehensive loss	(479)	(903)
Deficit	(62,985)	(48,347)
TOTAL SHAREHOLDERS' EQUITY	52,623	60,915
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	57,664	68,541

Approved for issuance on May 13, 2016

On behalf of the Board of Directors:

"Lenard F. Boggio" Director *"George Ireland"* Director

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

LITHIUM AMERICAS CORP.
(Formerly Western Lithium USA Corp.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE (LOSS)/INCOME
(Unaudited – Prepared by Management)
(Expressed in thousands of US dollars, except per share amounts and shares in thousands)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2016 $	2015 $	2016 $	2015 $
EXPENSES				
Exploration expenditures (Note 12)	769	447	1,929	1,240
Organoclay research and development	125	89	216	218
Investor relations	88	59	132	111
Marketing	185	102	331	231
Office and administration	175	166	310	345
Professional fees	157	39	321	156
Regulatory and filing fees	23	26	43	46
Salaries and benefits	628	288	1,052	858
Share of loss in Joint Venture	113	-	113	-
Stock-based compensation (Note 9)	274	168	653	420
Transactions costs	152	-	166	-
Travel and conferences	53	77	110	169
	2,742	1,461	5,376	3,794
LOSS BEFORE OTHER ITEMS	(2,742)	(1,461)	(5,376)	(3,794)
OTHER ITEMS				
Foreign exchange loss	(22)	(123)	(119)	(177)
Convertible security accretion (Note 8)	(183)	-	(666)	-
Loss on sale of 50% interest in Minera Exar (Note 4)	(8,905)	-	(8,979)	-
Other (Notes 7 and 11)	469	13	476	26
Interest income	18	2	26	11
	(8,623)	(108)	(9,262)	(140)
NET LOSS FOR THE PERIOD	(11,365)	(1,569)	(14,638)	(3,934)
OTHER COMPREHENSIVE INCOME/(LOSS)				
Reclassification of cumulative translation adjustment on sale of 50% interest in Minera Exar (Note 4)	15,093	-	15,093	-
Unrealized loss on translation to reporting currency	(3,525)	(69)	(14,669)	(156)
	11,568	(69)	424	(156)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	203	(1,638)	(14,214)	(4,090)
LOSS PER SHARE - BASIC AND DILUTED	(0.04)	(0.01)	(0.05)	(0.03)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	291,104	119,361	280,315	119,323

LITHIUM AMERICAS CORP.
(Formerly Western Lithium USA Corp.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of US dollars and shares in thousands)

	Share capital					
	Number of Shares	Amount $	Contributed surplus $	Accumulated other comprehensive loss $	Income/ (Deficit) $	Shareholders' equity $
Authorized share capital:						
Unlimited common shares without par value						
Balance, September 30, 2015	266,485	99,318	10,847	(903)	(48,347)	60,915
Shares issued on exercise of stock options (Note 9)	188	59	(23)	-	-	36
Shares issued for financing (Note 9)	17,263	3,500	-	-	-	3,500
Share issuance costs (Note 9)	-	(191)	-	-	-	(191)
Shares issued for convertible security (Note 8)	8,038	1,924	-	-	-	1,924
Stock-based compensation	-	-	653	-	-	653
Net loss	-	-	-	-	(14,638)	(14,638)
Other comprehensive income	-	-	-	424	-	424
Balance, March 31, 2016	291,974	104,610	11,477	(479)	(62,985)	52,623
Balance, September 30, 2014	119,235	53,036	9,176	(337)	(40,792)	21,083
Shares issued on exercise of stock options	223	88	(35)			53
Stock-based compensation	-	-	420	-	-	420
Net loss	-	-	-	-	(3,934)	(3,934)
Other comprehensive loss	-	-	-	(156)	-	(156)
Balance, March 31, 2015	119,458	53,124	9,561	(493)	(44,726)	17,466

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

LITHIUM AMERICAS CORP.
(Formerly Western Lithium USA Corp.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in thousands of US dollars)

	For the six months ended March 31, 2016 $	2015 $
OPERATING ACTIVITIES		
Net loss for the period	(14,638)	(3,934)
Items not affecting cash:		
Stock-based compensation	653	420
Depreciation	78	19
Foreign exchange loss	119	177
Share of loss of Joint Venture	113	-
Convertible security accretion	666	-
Loss on sale of 50% interest in Minera Exar S.A.	8,369	-
Other income	(547)	(26)
Changes in non-cash working capital items:		
Decrease in receivables, prepaids and deposits	364	15
Increase in inventories	(35)	(346)
(Decrease)/increase in accounts payable and accrued liabilities	(213)	139
Net cash used in operating activities	(5,071)	(3,536)
INVESTING ACTIVITIES		
Additions to exploration and evaluation assets (Notes 6 and 14)	(396)	(52)
Cash disposed on the sale of 50% interest in Minera Exar S.A.	(93)	-
Additions to capital assets (Note 5)	(804)	(2,651)
Net cash used in investing activities	(1,293)	(2,703)
FINANCING ACTIVITIES		
Proceeds from stock options exercises	36	53
Proceed from subscription receipts (Notes 9 and 14)	3,497	-
Finance lease repayments	(20)	(16)
Repayment of long-term borrowing	(58)	(55)
Net cash used in financing activities	3,455	(18)
EFFECT OF FOREIGN EXCHANGE ON CASH	63	(290)
CHANGE IN CASH AND CASH EQUIVALENTS	(2,846)	(6,547)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	5,552	7,160
CASH AND CASH EQUIVALENTS - END OF PERIOD	2,706	613

Supplemental disclosure with respect to cash flows (Note 14)

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

1. NATURE OF OPERATIONS

Effective March 22, 2016, Western Lithium USA Corp. changed its corporate name to Lithium Americas Corp. ("Lithium Americas" or the "Company"). Lithium Americas is a Canadian based resource company focused on the development of two significant lithium development projects, the Cauchari-Olaroz project, located in Jujuy province of Argentina, and the Lithium Nevada project (formerly the Kings Valley project), located in north-western Nevada, USA. As at the date of this report, the Company is commissioning its Hectatone organoclay plant located in Fernley, Nevada. The plant has been constructed to manufacture specialty organoclay products ("Hectatone™" products), derived from hectorite and other clays, for sale to the oil and gas and other sectors. On March 28, 2016, the Company signed a definitive agreement with SQM POTASIO S.A. ("SQM") to enter into 50/50 joint venture (the "Joint Venture") on the Cauchari-Olaroz project (Note 4).

The Company was incorporated on November 27, 2007, under the Business Corporations Act of the Province of British Columbia and became a publicly traded company on the TSX Venture Exchange on July 16, 2008. Effective February 2, 2011, the Company commenced trading on the Toronto Stock Exchange ("TSX") under the symbol "WLC". Effective March 30, 2016, the Company commenced trading on the Toronto Stock Exchange under the new Lithium Americas Corp. name and symbol "LAC".

The Company's head office, principal address, and registered and records office is Suite 1100-355 Burrard Street, Vancouver, British Columbia, Canada, V6C 2G8.

To date, the Company has not generated significant revenues from operations and has relied on equity and other financings to fund operations. The Company's organoclay project is considered to be in the commissioning stage. The recovery of the underlying value of the organoclay plant is dependent on the Company achieving profitable operations from the organoclay business. The underlying value of exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to complete permitting, development, and future profitable operation.

2. BASIS OF PREPARATION AND PRESENTATION

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended September 30, 2015, which have been prepared in accordance with IFRS as issued by the IASB.

These condensed consolidated interim financial statements are expressed in US dollars, the Company's presentation currency, and have been prepared on a historical cost basis. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The Company has used the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended September 30, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards Issued but Not Yet Applied

On January 13, 2016 the IASB issued IFRS 16, Leases. According to the new standard, all leases will be on the balance sheet of lessees, except those that meet the limited exception criteria. Respectively, rent expense is to be removed and replaced by the recording of depreciation and finance expenses. The standard is effective for annual periods beginning on or after January 1, 2019. The Company has yet to assess the impact of adoption.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Standards Issued but Not Yet Applied (continued)

IFRS 9, *Financial Instruments*, was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. The standard is effective for annual periods beginning on or after January 1, 2018. The Company has yet to assess the impact of adoption.

New Accounting policy

Investments in joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control such that significant operating and financial decisions require the unanimous consent of the parties sharing control. The Company's joint arrangement is classified as a joint venture and is accounted for using the equity method. The equity method involves recording the initial investment at cost. When a joint venture is formed from a previous investment in a subsidiary, the Company recognizes a gain or loss on change of control in relation to the portion of the investment no longer owned based upon the carrying value of the assets. Additional funding into an investee is recorded as an increase in the carrying value of the investment. The carrying amount is adjusted by the Company's share of a joint venture's net income or loss, depreciation, amortization or impairment. When the Company's share of losses of a joint venture exceeds the Company's carrying value of the investment, the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constrictive obligations or made payments on behalf of the joint venture.

Share-based payments

The cost of equity-settled payment arrangements is recorded based on the estimated fair value at the grant date and charged to earning over the vesting period.

Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these consolidated financial statements, the Company makes judgements, estimates and assumptions concerning the future which may vary from actual results. The significant estimates and judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were substantially the same as those that applied to the consolidated financial statements as at and for the year ended September 30, 2015.

(Expressed in thousands of US dollars, except for per share amounts and shares in thousands)

4. INVESTMENT IN JOINT VENTURE

On March 28, 2016, the Company announced a definitive agreement with SQM to enter into 50/50 Joint Venture on the Cauchari-Olaroz project in Jujuy, Argentina. SQM contributed $25,000 to Minera Exar S.A. ("Minera Exar"), a wholly owned subsidiary of Lithium Americas, in exchange for a 50% equity interest in Minera Exar. Following receipt of the contribution, Minera Exar repaid loans and advances from Lithium Americas in the amount of $15,000 and the remaining $10,000 is to be used by the Joint Venture for certain project development costs to be incurred. The $15,000 payable to Lithium Americas was received from Minera Exar subsequent to March 31, 2016 and is accounted for as a receivable from the Joint Venture at that date.

The Company recorded an $8,979 loss on sale of its 50% equity interest in Minera Exar as follows:

	For the period ended March 31, 2016 $
SQM contribution for 50% equity interest in Minera Exar	25,000
SQM's 50% contribution for Joint Venture project development	(5,000)
Minera Exar's 50% of net assets at the time of disposition	(13,276)
Transaction costs	(610)
Cumulative foreign exchange amount	(15,093)
Loss on sale of 50% interest in Minera Exar	(8,979)

SQM and the Company also entered into an Escrow Agreement requiring the Company to deposit $2,500 of the $15,000 contribution (the "Escrow Amount") into an escrow account. Subject to certain provisions, the Escrow Amount will be released to the Company over three years as follows: $833 on March 28, 2017, $833 on March 28, 2018, and $833 on March 28, 2019. The Escrow Amount can be used to pay certain contingent liabilities of Minera Exar, if any arise, related to the actions prior to the Joint Venture formation. The Company has also provided a guarantee for up to $354 in transaction related costs in the event that such costs arise in the future.

The changes in investment in the Joint Venture since initial contribution are as follows:

	For the period ended March 31, 2016 $
Initial contribution to Joint Venture	
50% of net asset value of Minera Exar	13,276
50% of contribution for Joint Venture project development	5,000
Total initial contribution	18,276
Share of loss of Joint Venture	(113)
Investment in Joint Venture - end of period	18,163

Joint Venture Commitments and Contingencies

As at March 31, 2016, the Company's 50% portion of the Joint Venture's commitments and contingencies are as follows:

- Annual royalty of $100 due in May of every year and expiring in 2041;
- Aboriginal programs agreements with six communities located in the Cauchari-Olaroz project area have terms from five to thirty years. The annual fees due are $272 between 2017 and 2021 and $2,431 between 2021 and 2055, assuming that these payments will be extended for the life of the project. These payments will be incurred only if the Joint Venture starts production.

4. INVESTMENT IN JOINT VENTURE (continued)

Joint Venture Commitments and Contingencies (continued)

In calendar 2014, a legal claim for $340 (the Company's portion is $170) was initiated against Minera Exar, related to the fulfillment of contract and damages associated with an exploration contract with the option to acquire mining rights on a lime deposit in Argentina. This lime deposit is unrelated to Minera Exar's principal lithium properties. Management is currently working with legal counsel to determine the validity and assessment of the claim. A $340 lien was applied on certain bank accounts of Minera Exar related to this matter. The lien was subsequently removed and replaced with an insurance policy.

Los Boros Option Agreement

On March 28, 2016, the Joint Venture entered into a purchase option agreement ("Option Agreement") with Grupo Minero Los Boros ("Los Boros") for the transfer of title to the Joint Venture for certain mining properties that comprised a portion of Caucahri-Olaroz project. Under the terms of the Option Agreement, the Joint Venture paid $100 (the Company's portion was $50) upon signing and has a right to exercise the purchase option at any time within 30 months for the total consideration of $12,000 (the Company's portion is $6,000) to be paid in sixty quarterly instalments of $200 (the Company's portion is $100). The first installment becomes due upon occurrence of one of the following two conditions, whichever comes first: third year of the purchase option exercise date or the beginning of commercial exploitation with a minimum production of 20,000 tons of lithium carbonate equivalent. As a security for the transfer of title for the mining properties under the Option Agreement, Los Boros granted to the Joint Venture a mortgage for $12,000. The Vice President of Los Boros is also a director of the Company.

If the Joint Venture exercises the purchase option, the following royalties will have to be paid to Los Boros:

- $300 (the Company's portion is $150) within 10 days of the commercial plant construction start date; and
- 3% net profit interest (the Company's portion is 1.5%) for 40 years, payable in pesos, annually within the 10 business days after calendar year end.

The Joint Venture can cancel the first 20 years of net profit interest in exchange for a one-time payment of $7,000 (the Company's portion is $3,500) and the next 20 years for additional $7,000 (the Company's portion will be $3,500).

JEMSE Arrangement

The Joint Venture has granted a right to Jujuy Energia y Mineria Sociedad del Estado ("JEMSE"), a mining investment company owned by the government of Jujuy Province in Argentina, to acquire an 8.5% equity interest in Minera Exar for one US dollar and provide management services as required to develop the project. JEMSE will only acquire this equity position upon completion of the project financing. JEMSE will be required to cover its pro rata share of the financing requirements for the construction of the project. These funds will be loaned to JEMSE by the shareholders of Minera Exar and will be repayable out of one-third of the dividends to be received by JEMSE over future years from the project. The distribution of dividends to JEMSE and other shareholders in the project will only commence once all commitments related to the project and debt financing are met.

(Expressed in thousands of US dollars, except for per share amounts and shares in thousands)

5. CAPITAL ASSETS

	Land	Buildings	Equipment and machinery	Organoclay plant	Other	Total
	$	$	$	$	$	$
Cost						
As at September 30, 2014	349	1,789	4,332	9,169	331	15,970
Additions	22	168	736	1,980	37	2,943
Foreign exchange	-	-	-	-	(12)	(12)
As at September 30, 2015	371	1,957	5,068	11,149	356	18,901
Additions	15	63	88	369	3	538
Contribution to Joint Venture	-	-	-	-	(12)	(12)
Foreign exchange	-	-	-	-	(1)	(1)
As at March 31, 2016	386	2,020	5,156	11,518	346	19,426

	Land	Buildings	Equipment and machinery	Organoclay plant	Other	Total
	$	$	$	$	$	$
Accumulated depreciation						
As at September 30, 2014	-	-	-	-	37	37
Depreciation for the year	-	-	112	-	39	151
As at September 30, 2015	-	-	112	-	76	188
Depreciation for the period	-	-	56	-	22	78
Contribution to Joint Venture	-	-	-	-	(4)	(4)
As at March 31, 2016	-	-	168	-	94	262

The Company's organoclay plant is in the start-up stage and therefore no depreciation was taken during the period ended March 31, 2016.

	Land	Buildings	Equipment and machinery	Organoclay plant	Other	Total
	$	$	$	$	$	$
Net book value						
As at September 30, 2015	371	1,957	4,956	11,149	280	18,713
As at March 31, 2016	386	2,020	4,988	11,518	252	19,164

6. EXPLORATION AND EVALUATION ASSETS

	March 31, 2016		
	Lithium Nevada	Cauchari-Olaroz	Total
	$	$	$
Acquisition costs			
Balance, beginning	958	41,665	42,623
Additions	52	71	123
Change in foreign exchange rate	-	(14,874)	(14,874)
Sale of 50% of net assets	-	(13,431)	(13,431)
Contribution to Joint Venture	-	(13,431)	(13,431)
Total exploration and evaluation assets	1,010	-	1,010

(Expressed in thousands of US dollars, except for per share amounts and shares in thousands)

6. EXPLORATION AND EVALUATION ASSETS (continued)

	September 30, 2015		
	Lithium Nevada $	Cauchari-Olaroz $	Total $
Acquisition costs			
Balance, beginning	456	-	456
Additions	502	41,916	42,418
Change in foreign exchange rate	-	(251)	(251)
Total exploration and evaluation assets	958	41,665	42,623

The Company has the following future payments and royalties, which will only be incurred if the Company starts production in respect to the Lithium Nevada project:

- Mining Option Agreement with Uravada Inc. ("Uravada") on certain mining claims for US$50 annual payment due on January 21 in advance net smelter return royalty payments. The Company's interest in these claims is subject to a 3% net smelter return royalty;
- Mining Option Agreement to acquire four mining claims for $2 per year in advance net smelter return royalty payments due on November 15. The Company's interest in these claims is subject to a 1.5% net smelter return royalty;
- 20% royalty to Cameco Global Exploration II Ltd. solely in respect of uranium;
- 8% gross revenue royalty on all production from the Lithium Nevada Project until the cumulative payment of $22,000. The royalty will then be reduced to 4% for the life of the project. The Company has the option at any time to reduce the royalty to 1.75% upon payment of $22,000.

7. LONG-TERM BORROWING

Promissory Note

In July 2013, the Company purchased an industrial complex in the City of Fernley to be the production site for its organoclay plant. The property was purchased for $1,575, of which $236 was paid at the close of the transaction, and the remaining balance of $1,339 was financed by the seller with a ten-year promissory note payable in monthly instalments. The promissory note bears 5.25% annual interest for the first five years, and then at a reset interest rate of between 5.5% to 7.5% for the final five years, depending on the prime rate at the time of reset. The note is secured by the purchased property.

Line of Credit

On December 15, 2015, the Company signed an agreement for a $5,000 line of credit (the "LOC") with an interest rate of 1.25% per month, payable monthly on the drawn amounts. The Company did not draw down any funds under this facility, paid no interest on the LOC and on April 2, 2016, post completion of the SQM Joint Venture, the LOC was canceled.

(Expressed in thousands of US dollars, except for per share amounts and shares in thousands)

8. CONVERTIBLE SECURITY

In May 2015, the Company received $2,800 under the convertible security funding agreement, net of prepaid interest of $560 and financing fee of $140, and issued a convertible security with a face value of $3,500. The convertible security has a two-year term from the date of issue and incurs an interest rate of 10% on the amount of funding. The Company has provided a second lien on its organoclay plant as a security for the convertible security.

The changes in the convertible security since the initial funding are as follows:

	$
Face value of convertible security	3,500
Security conversion	(300)
Prepaid interest for 2 years	(560)
Financing fee	(140)
Transaction costs	(187)
Fair value of warrants	(236)
Conversion discount liability	(618)
Convertible security accretion	748
Carrying value of the convertible security	2,207
Conversion discount liability	565
Convertible security, September 30, 2015	**2,772**
Security conversion	(1,636)
Decrease in conversion discount liability	(289)
Convertible security accretion	666
Convertible security, March 31, 2016	**1,513**

The carrying value of the convertible security is as follows:

Carrying value of convertible security	1,237
Conversion discount liability	276
Convertible security, March 31, 2016	**1,513**

The following table summarizes the security conversions since inception:

Conversion Date	Conversion Amount $	Calculated Conversion Price, CDN$	Number of Shares Issued
September 22, 2015	300	0.4721	838
October 13, 2015	350	0.2326	1,962
November 2, 2015	200	0.2995	875
November 30, 2015	275	0.2484	1,479
December 31, 2015	350	0.2786	1,744
January 26, 2016	250	0.3242	1,101
February 29, 2016	211	0.3340	875
	1,936	**0.29**	**8,874**

9. ISSUED CAPITAL, EQUITY COMPENSATION, AND WARRANTS

Private Placement

During the six months ended March 31, 2016, 6,450 Subscription Receipts previously issued to an affiliate of The Bangchak Petroleum Public Company Limited ("Bangchak") were converted into 17,263 common shares of the Company for total gross proceeds of $3,500**.** The Company incurred $191 in costs associated with these Subscription Receipts. This brings the total investment by Bangchak into the common shares of the Company to $5,000.

Equity Incentive Plan

The Company has an equity incentive plan ("Plan") in accordance with the policies of the TSX whereby, from time to time, at the discretion of the Board of Directors, eligible directors, officers, employees and consultants are: (1) granted incentive stock options exercisable to purchase common shares ("Stock Options"); (2) awarded restricted share rights ("RS's") that convert automatically into common shares upon vesting; and (3) for eligible directors, awarded deferred share units ("DSU's") which the directors are entitled to redeem for common shares upon retirement or termination from the Board. Under the Plan, up to 29,197 common shares are reserved for issuance of Stock Options, RS's and DSU's. The exercise price of each stock option is based on the fair market price of the Company's common shares at the time of the grant. The options can be granted for a maximum term of five years.

Restricted shares

During the period ended March 31, 2016, the Company granted approximately 3,247 RS's to its directors, executive officers, consultants and employees, of which 2,047 RS's vest on May 14, 2016, 600 on March 30, 2017, and 600 on March 30, 2018. The total estimated fair value of the RS's was $1,175 based on the market value of the Company's shares on the grant date. The fair value of 172 RS's that were granted in lieu of deferred salaries will be recorded on the vesting date as a reduction of accrued liabilities and the fair value of the remaining RS's will be recorded as a share-based payments expense and charged to operating expenses over the vesting period.

Subsequent to March 31, 2016, the Company granted 450 RS's with the estimated fair value of $268 to its employees, of which 200 RS's vested immediately, 100 vest on November 1, 2016 and 150 on May 1, 2017.

Deferred Share Units

During the period ended March 31, 2016, the Company granted 47 DSU's with the total estimated fair value of $16 to two of the Company's directors in lieu of the directors' fees payments for the period October 1, 2016 to March 31, 2016.

Stock Options

On March 30, 2016, the Company granted 4,600 stock options at the exercise price of CDN$0.47 per option to its directors and employees. The expiry date of the stock options is March 30, 2021. The fair value of the stock options was estimated at CDN$0.27 per option for a total of CDN$1,242 which will expensed over the 18-month vesting period. The fair value of stock options was estimated on the date of grant using the Black-Scholes Option Pricing model with the following assumptions: risk-free rate of 0.6%, estimated volatility 92%, expected life of 3 years, share price on the grant date of CDN$0.47, and expected dividend yield of 0%. Annualized volatility was determined solely based on historical volatility.

(Expressed in thousands of US dollars, except for per share amounts and shares in thousands)

9. ISSUED CAPITAL, EQUITY COMPENSATION, AND WARRANTS (continued)

Stock Options (continued)

On October 5, 2015, the Company granted 3,505 stock options at the exercise price of CDN$0.30 per option to its directors and employees. The expiry date of the stock options is October 5, 2020. The fair value of the stock options was estimated at CDN$0.16 per option for a total of CDN$561. The fair value of stock options was estimated on the date of grant using the Black-Scholes Option Pricing model with the following assumptions: risk-free rate of 0.7%, estimated volatility 80%, expected life of 3 years, share price on grant date of CDN$0.30, and expected dividend yield of 0%. Annualized volatility was determined solely based on historical volatility.

Stock options outstanding and exercisable as at March 31, 2016, are as follows:

Number of Options Outstanding (in 000's)	Number of Options Exercisable (in 000's)	Exercise Price CDN$	Expiry Date
935	935	0.54	September 16, 2016
880	880	0.27	January 3, 2017
1,990	1,990	0.16	August 30, 2017
3,635	3,635	0.27	October 21, 2018
210	210	0.80	April 1, 2019
1,105	1,105	0.38	April 18, 2019
3,708	3,708	0.29	July 16, 2019
325	325	0.49	July 16, 2019
2,405	2,405	0.69	August 15, 2019
533	533	0.34	February 12, 2020
3,505	2,658	0.30	October 5, 2020
4,600	1,150	0.47	March 30, 2021
23,831	19,534		

A summary of changes to stock options outstanding is as follows:

	Number of Options *(in 000's)*	Weighted Average Exercise Price, *(CDN$)*
Balance, outstanding September 30, 2014	15,480	0.59
Issued	5,346	0.31
Forfeited	(98)	(0.71)
Expired	(2,375)	(1.25)
Exercised	(1,022)	(0.45)
Balance, outstanding September 30, 2015	17,331	0.43
Expired	(1,417)	(1.25)
Exercised	(188)	(0.45)
Granted	8,105	0.39
Balance, outstanding March 31, 2016	23,831	0.37

(Expressed in thousands of US dollars, except for per share amounts and shares in thousands)

9. ISSUED CAPITAL, STOCK OPTIONS, AND WARRANTS (continued)

Stock Options (continued)

Stock-based compensation expense of $653 (Q2 2015 - $420) was charged to operations and credited to contributed surplus to reflect the fair value of stock options vested during the period ended March 31, 2016. At March 31, 2016, $467 of the fair value of stock options previously granted but not yet vested remains to be expensed in fiscal 2016 and $287 in fiscal 2017. The weighted-average share price on the date of the stock options exercised was CDN$0.32.

Subsequent to March 31, 2016, 1,943 stock options were exercised at a weighted average exercise price of CDN$0.29 and 500 of new stock options were granted at the exercise price of CDN$0.75 per option to an employee. The expiry day of the stock options granted is May 1, 2021 and they vest over an 18-month period: 25% vested immediately and additional 25% vest every six months thereafter.

Warrants

A summary of the changes in the number of the Company's share purchase warrants is as follows:

	Number of Warrants (in '000's)	Weighted Average Exercise Price (CDN$)	Expiry Date
Balance, September 30, 2014	8,272	0.74	
Exercised	(107)	(0.75)	May 16, 2016
Exercised	(41)	(0.58)	May 16, 2016
Issued	79	0.48	August 12, 2016
Issued	5,707	0.90	June 9, 2017
Issued	742	0.70	June 9, 2017
Issued	3,125	0.8464	May 19, 2018
Balance, September 30, 2015 and March 31, 2016	17,777	0.81	

Subsequent to March 31, 2016, 371 warrants were exercised at CDN$0.58 per warrant and 1,324 warrants at CDN$0.75 per warrant.

10. RELATED PARTY TRANSACTIONS

Compensation of Key Management

The Company paid its non-executive directors a fee of CDN$25 per year and an additional CDN$10 per year to the Company's Audit Committee Chair. Effective April 1, 2016, the Company revised the remuneration of its non-executive directors to a base annual fee of $35 per year and an additional $5 per year to a Committee Chair, $10 to the Company's Audit Committee Chair, and $25 to the Company's Board Chair. In addition, the Company will pay $1 per meeting in cash for Board meetings in excess of six meetings per year. The fees will be settled through a mixture of cash and the issuance of the DSU's with each board member obligated to receive a minimum of 50% and a maximum of 100% of all such compensation in DSU's.

(Expressed in thousands of US dollars, except for per share amounts and shares in thousands)

10. RELATED PARTY TRANSACTIONS (continued)

Compensation of Key Management *(continued)*

The remuneration of directors and members of the executive management team included:

	For the six months ended March 31,	
	2016	2015
	$	$
Stock-based compensation	402	315
Salaries and benefits	757	446
Salaries and benefits included in marketing	123	78
Salaries, benefits and director's fees included in exploration expenditures	191	255
Salaries and benefits included in capital assets	-	137
Salaries and benefits included in transactions costs	14	-
Directors' fees included in salaries and benefits	47	69
Employee benefits included in salaries and benefits	15	12
	1,549	1,312

	As at March 31,	As at September 30,
	2016	2015
	$	$
Total due to directors and executive team	263	58

The related party transactions incurred during the period ended March 31, 2016, were in the normal course of operations and were measured at the amount of consideration established and agreed to by the related parties. There were no contractual or other commitments from the related party transactions. The amounts due to related parties are unsecured, non-interest bearing and have no specific terms for repayment.

11. COMMITMENTS AND CONTINGENCIES

As at March 31, 2016, the Company had the following commitments that have not been disclosed elsewhere in these consolidated financial statements:

	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	**Total**
	$	$	$	$
Rent of office spaces (net of subleases)	164	-	-	**164**

(Expressed in thousands of US dollars, except for per share amounts and shares in thousands)

11. COMMITMENTS AND CONTINGENCIES (continued)

A former officer of Lithium Americas was terminated in 2013 and subsequently filed a statement of claim with a labour court in the Province of Mendoza, Argentina against the Company's Argentine subsidiary, Minera Exar, and the Company, for approximately 5.3 million Argentine pesos for severance and other labour-related payments allegedly due to the officer. The Company rejected the former officer's case and any liability with regard to the claims and counts made in such action. In March 2016, the Mendoza court issued a judgement favorable to the Company and as a result the Company removed a previously recorded provision of $544 from its accounts payable and accrued liabilities. The $544 gain is included in other items on the Company's statement of comprehensive income/(loss).

12. EXPLORATION EXPENDITURES

The following tables summarize the Company's exploration expenditures during the periods ended March 31, 2016 and 2015:

	For the six months ended March 31, 2016		
	Lithium Nevada $	Cauchari-Olaroz $	Total $
Engineering	-	82	82
Environmental	48	-	48
Geological and consulting	793	454	1,247
Field supplies, other services, and taxes	56	440	496
Lithium demo plant equipment depreciation	56	-	56
Total exploration expenditures	953	976	1,929

	For the six months ended March 31, 2015	
	Lithium Nevada $	Total $
Engineering	78	78
Environmental	5	5
Geological and consulting	1,022	1,022
Field supplies and other services	135	135
Total exploration expenditures	1,240	1,240

(Expressed in thousands of US dollars, except for per share amounts and shares in thousands)

13. SEGMENTED INFORMATION

The Company operates in three reportable segments and four geographical segments. The Company's lithium projects are in the exploration stage and the organoclay project is in the commissioning stage.

The Company's reportable segments are summarized in the following tables:

	Hectatone $	Lithium Nevada $	Cauchari-Olaroz $	Joint Venture $	Corporate $	Total $
As at March 31, 2016						
Capital assets	18,002	1,136	-	-	26	19,164
Exploration and evaluation assets	-	1,010	-	-	-	1,010
Total assets	19,220	2,588	-	18,163	17,693	57,664
Total liabilities	(1,395)	(289)	-	-	(3,357)	(5,041)
For the three months ended March 31, 2016						
Net loss	334	426	654	113	9,838	11,365
Exploration expenditures	-	303	466	-	-	769
Organoclay research and development	125	-	-	-	-	125
For the six months ended March 31, 2016						
Net loss	583	1,163	1,287	113	11,492	14,638
Exploration expenditures	-	953	976	-	-	1,929
Organoclay research and development	216	-	-	-	-	216

	Hectatone $	Lithium Nevada $	Cauchari-Olaroz $	Corporate $	Total $
As at September 30, 2015					
Capital assets	17,469	1,203	13	28	18,713
Exploration and evaluation assets	-	958	41,665	-	42,623
Total assets	18,159	2,564	41,921	5,897	68,541
Total liabilities	(1,377)	(314)	(304)	(5,631)	(7,626)
For the three months ended March 31, 2015					
Net (income)/ loss	231	679	-	659	1,569
Exploration expenditures	-	447	-	-	447
Organoclay research and development	89	-	-	-	89
For the six months ended March 31, 2015					
Net loss	565	1,632	-	1,737	3,934
Exploration expenditures	-	1,240	-	-	1,240
Organoclay research and development	218	-	-	-	218

(Expressed in thousands of US dollars, except for per share amounts and shares in thousands)

13. SEGMENTED INFORMATION (continued)

The Company's total assets are segmented geographically as follows:

	As at March 31, 2016				
	Canada $	United States $	Germany $	Argentina $	Total $
Current assets	15,999	1,320	191	-	17,510
Capital assets	26	18,186	952	-	19,164
Exploration and evaluation assets	-	1,010	-	-	1,010
Receivable from joint venture	1,667	-	-	-	1,667
Investment in joint venture	-	-	-	18,163	18,163
	17,692	20,516	1,143	18,163	57,514

	As at September 30, 2015				
	Canada $	United States $	Germany $	Argentina $	Total $
Current assets	5,870	756	187	242	7,055
Capital assets	28	17,664	1,008	13	18,713
Exploration and evaluation assets	-	958	-	41,665	42,623
	5,898	19,378	1,195	41,920	68,391

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Supplementary disclosure of the Company's significant non-cash investing and financing transactions is provided in the table below:

	For the six months ended March 31,	
	2016 $	2015 $
Accounts payable and accrued liabilities related to capital assets	16	296
Accounts payable and accrued liabilities related to transaction cost	127	-
Assets acquired under finance leases	-	97
Accounts payable and accrued liabilities related to inventory	80	15
Accounts payable and accrued liabilities related to subscription receipts financing (Note 9)	263	-
Assets acquired under finance leases	-	51

Interest/finance charges paid	32	35
Income taxes paid	-	-

15. FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value on the condensed consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
Level 3 – Inputs for assets and liabilities that are not based on observable market data.

15. FINANCIAL INSTRUMENTS *(continued)*

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The Company did not have any financial instruments measured at fair value on the statement of financial position dates.

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The Company manages risks to minimize potential losses. The main objective of the Company's risk management process is to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, cash equivalents and receivables. The Company's maximum exposure to credit risk for cash and cash equivalents is the amount disclosed in the consolidated statements of financial position. The Company limits its exposure to credit loss by placing its cash and cash equivalents with major financial institutions and invests only in short-term obligations that are guaranteed by the Canadian government or by Canadian and US chartered banks.

Included in the receivables, prepaids and deposits are credit sales receivables of $287 and value-added tax of $191 on purchases of equipment for the lithium demonstration plant in Germany. Value-added tax balances are recorded at their estimated recoverable amounts within current assets and reflect the Company's best estimate of their recoverability under existing tax rules in the respective jurisdictions. Management's assessment of recoverability involves judgments regarding classification on the consolidated statements of financial position and the probable outcomes of claimed deductions and/or disputes. The provisions and classifications made to date may be subject to change.

The Company's receivables, prepaids and deposits include a $114 bank deposit for the Company's secured credit cards and other miscellaneous receivables that are subject to normal industry credit risk.

Management believes that the credit risk concentration with respect to financial instruments included in cash, cash equivalents and receivables is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to evaluate current and expected liquidity requirements under both normal and stressed conditions to ensure that it maintains sufficient reserves of cash and cash equivalents to meet its liquidity requirements in the short and long term. As the industry in which the Company operates is very capital intensive, the majority of the Company's spending is related to its capital programs. The Company prepares annual budgets, which are regularly monitored and updated as considered necessary.

As at March 31, 2016, the Company had a cash and cash equivalents balance of $2,706 (2015 - $5,552) to settle current liabilities of $3,843 (2015 - $6,215). Subsequent to March 31, 2016, the Company received $15,000 ($14,754, net of transaction costs), CDN$1,208 from warrants exercises, and CDN$543 from stock options exercises.

(Expressed in thousands of US dollars, except for per share amounts and shares in thousands)

15. FINANCIAL INSTRUMENTS *(continued)*

The following table summarizes the maturities of the Company's financial liabilities on undiscounted basis:

	Years ending September 30,			
	2016	2017	2018 and later	Total
	$	$	$	$
Accounts payable and accrued liabilities	2,168	-	-	2,168
Convertible security	1,564	-	-	1,564
Long-term borrowing[1]	86	172	1,006	1,264
Obligation under finance leases[1]	24	48	84	156
Decommissioning provision	-	-	170	170
Total	3,842	220	1,260	5,322

[1]*Long-term borrowing and obligation under capital leases include principal and interest/finance charges.*

Market Risk

Market risk incorporates a range of risks. Movement in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is exposed to these risks as the ability of the Company to develop or market its property and the future profitability of the Company are related to the market price of certain minerals.

Foreign Currency Risk

The Company incurs expenditures in Canadian dollars ("CDN$"), US dollars ("US$"), Euros ("€"), and Argentinian pesos ("ARS") with the majority of the expenditures being incurred in US$ by the Company's subsidiaries. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in net income or loss.

LITHIUM AMERICAS CORP.
(Formerly Western Lithium USA Corp.)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED MARCH 31, 2016

Background

Effective March 22, 2016, Western Lithium USA Corp. changed its corporate name to Lithium Americas Corp. ("Lithium Americas", the "Company" or "LAC"). This Management's Discussion and Analysis ("MD&A"), prepared as of May 13, 2016, should be read in conjunction with the condensed consolidated interim financial statements ("financial statements") and the notes thereto of Lithium Americas Corp. for the six months ended March 31, 2016, and the audited annual consolidated financial statements and the notes thereto of the Company for the year ended September 30, 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Refer to Notes 2 and 3 of the audited annual consolidated financial statements for the year ended September 30, 2015, for disclosure of the Company's significant accounting policies.

Company Overview

Lithium Americas is a Canadian based resource company focused on the development of two significant lithium development projects: the Cauchari-Olaroz project, located in Jujuy province of Argentina, and the Lithium Nevada project (formerly the Kings Valley project), located in north-western Nevada, USA. On March 28, 2016, the Company signed a definitive agreement with SQM POTASIO S.A., a subsidiary of Sociedad Quimica y Minera de Chile S.A. ("SQM") to enter into a 50/50 joint venture (the "Joint Venture") on the Cauchari-Olaroz project. The Cauchari-Olaroz project is a lithium brine mineral project. The property has been the subject of resource estimation and a feasibility study in which it is reported to host reserves of approximately 2.7 million tonnes of lithium carbonate equivalent ("LCE") at a lithium cut-off grade of 354 milligrams per litre, and a mine development plan that contemplates production of 20,000 tonnes per year of LCE. The Lithium Nevada project is a smectite clay-based lithium project and has been the subject of extensive exploration and development work.

For both projects, the Company is investigating innovative lithium extraction and processing technologies, and pursuing strategic alternatives with a view to securing near-term financing and development. The Company is advancing both of its projects for the extraction of lithium to produce lithium carbonate that is primarily intended for the lithium battery sector. The Company is also studying the production of lithium hydroxide which is also used in the lithium battery sector. Lithium Americas intends to make its lithium business a significant contributor to the global lithium supply chain.

In addition, the Company's wholly-owned subsidiary Hectatone Inc. ("Hectatone") is commissioning its organoclay manufacturing plant located in Fernley, Nevada. Hectatone™ specialty organoclay products, derived from the Company's hectorite clay and other clays, are used by the oil and gas industry as specialty viscosifier additives for drilling fluids. The first shipment of Hectatone™ products commenced in January 2015. Hectatone's hectorite clay mine is referred to as the Lithium Nevada Clay Project ("LNC Project"). The LNC Project is located on a portion of the property comprising the Lithium Nevada project.

The Company's head office is located at Suite 1100-355 Burrard Street, Vancouver, BC, Canada, V6C 2G8. Effective March 30, 2016, the Company trades in Canada on the Toronto Stock Exchange under the symbol "LAC" (previously "WLC") and in the US on OTCQX under the symbol "LACDF". The Company operates in the United States through its wholly owned subsidiaries, Lithium Nevada Corporation (formerly Western Lithium Corp.) and Hectatone Inc and in Argentina through Minera Exar S.A. ("Minera Exar" or "Minera"), the Joint Venture with SQM on the Cauchari-Olaroz project. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Description of Business

Cauchari-Olaroz Project, Jujuy Province, Argentina

The Joint Venture with SQM began to advance the Cauchari-Olaroz project immediately after the investment closed on March 28, 2016, and the operating team has already made significant progress on the work plan. The Joint Venture is strongly committed to advancing the Cauchari-Olaroz project as expediently as possible. Local investment has already started with plans to scale up as the site is prepared for the construction phase. The Joint Venture has commenced hydrology and a work plan to update the feasibility study on the project. In the updated study the parties are analyzing a targeted annual production capacity of up to 40,000 tonnes per year of lithium carbonate equivalent and an approximate two year development timeline to production.

The Company's and SQM's senior management have recently met with government officials in Jujuy and Buenos Aires to introduce the Cauchari-Olaroz lithium project Joint Venture. Participants included CEOs of both companies. The meetings with the provincial and federal officials were chaired by the Governor of Jujuy Province, Argentina's Secretary of Mining and the Production Minister and President of JEMSE, the mining investment company owned by the provincial Government of Jujuy. Interviews with industry analysts and the local press were also conducted. The Company expects that Jujuy will become an important center for the production of lithium in the near future. Jujuy Province officials and the representatives of federal government have indicated strong support. The Project is expected to provide many benefits to the local communities in terms of employment and supply contracts.

Political and Economic Changes in Argentina

The Argentine economy underwent significant positive changes in the first quarter of 2016 as a results of measures that the new government has taken to reduce or remove controls and restrictions on capital flows. Since taking office in December 2015, President Mauricio Macri has moved swiftly to appoint a business-friendly cabinet and implement a series of major fiscal, political and regulatory policy measures. President Macri lifted foreign exchange controls that had been in place since 2011, and abolished export taxes on many agricultural and industrial goods, including lithium. At the Davos World Economic Forum, Macri and his cabinet members met with almost 20 world leaders, politicians, and multinational executives, which marked a "new era of bilateral relations". US President Barack Obama has recently visited Argentina to meet with Mr. Macri. These are important indications of a very strong future for international investments and mining industry in Argentina.

Lithium Nevada Project, Nevada, USA

The Company is advancing its lithium project to extract lithium from its clay at its Lithium Nevada project. During the six months ended March 31, 2016, the Company completed the most recent pilot plant program at its demonstration plant in Germany. This work has greatly increased the Company's understanding of the processing and engineering requirements for the production of lithium products from the Lithium Nevada Project. In light of the recent results, the Company has determined that additional specific engineering work will be required to optimize the front end of the process to produce a clean and concentrated lithium brine on a commercial scale. In addition, the Company has become aware of recent technological advancements in producing lithium compounds from brines, and believes these innovative and sustainable technologies warrant further review for potential incorporation into the Nevada processing plant design. As a result of these additional reviews, the Company has determined that its pre-feasibility study completed in March 2012 is no longer current and the Company will no longer be relying on the study for its project development planning. There are no changes to the lithium resource base on the project. While the updated studies are underway, Lithium Nevada will pursue strategic partnership opportunities to advance the project on a timely basis.

Description of Business (continued)

Lithium Nevada Project, Nevada, USA *(continued)*

The Company is in the process of trying to determine the optimal path to advance Lithium Nevada project to achieve long-term success. The Lithium Nevada project hosts one of the largest lithium resources in North America. There is strong local and national support from both commercial and political bases to advance a Nevada based project. A clear and well-defined permitting path exists. Lithium Americas shares the vision of making Nevada a center of renewable energy and sustainable mining technologies. The Company is committed to advancing Lithium Nevada Corp. on the fastest timetable possible, as dictated by further studies and market conditions.

Hectatone Business

The construction of the Hectatone plant located in Fernley, Nevada, was completed in December 2014. The plant is currently commissioning with a crew for one shift and has started manufacturing of production samples of its Hectatone™ bentonite- and hectorite-based products to meet industry specifications for qualification and sale. Additional plant modifications and operational procedural improvements are underway and planned for completion over the coming months to enable the production of new products and to meet the plant's nameplate capacity of 10,000 tons.

Hectatone is a new supplier of hectorite clay, which is an important mineral for the oil and gas sector to provide thermally stable gelling and lubricating mud when drilling in high pressure and high temperature ("HPHT") environments. Some of Hectatone's products have been approved by various drilling service companies. Hectatone plans to continue qualification of its remaining product line and to manufacture these products in the coming months.

In addition to clays for use in the oil and gas sector, Hectatone is now a certified vendor with a Fortune 500 industrial group to sell Hectabind™ products internationally to the animal feed market as mycotoxin binders. Hectatone is also collaborating with industry participants on a specialty organophilic clay product for environmental applications. The product will service the existing market to remove organic compounds from industrial wastewater effluent. The Company's hectorite-based Hectagel product is also being tested by a chemical supplier to be used for industrial applications.

In April 2016, Hectatone entered into a strategic alliance with TOLSA, S.A. ("TOLSA"), a global leader in the specialized clay sectors. Hectatone and TOLSA have signed a non-exclusive Memorandum of Understanding ("MOU") for the purpose of forming a strategic alliance to collectively pursue growth opportunities in the global clay minerals markets. The MOU contemplates a number of areas of collaboration, including a planned long-term supply agreement of Hectatone's hectorite clay from its Nevada resource to TOLSA for the manufacture of high purity hectorite-based products.

Significant Events (fiscal year to date)

- On May 2, 2016, the Company announced that Dr. David S. Deak has joined the Company as Chief Technical Officer ("CTO") and Senior Vice President, and President of its subsidiary Lithium Nevada Corp. ("LNC"). Dr. Deak is well known within the lithium and battery materials industry and most recently led strategic development projects focused on battery manufacturing and supply chain activities, including lithium supply.

Significant Events (fiscal year to date) (continued)

- On April 11, 2016, the Company announced that that its wholly-owned subsidiary, Hectatone Inc. entered into a strategic alliance with TOLSA, S.A. ("TOLSA"), a global leader in the specialized clay sectors, for the purpose of forming a strategic alliance to collectively pursue growth opportunities in the global clay minerals markets.

- On March 30, 2016, the Company announced re-election of Thomas Hodgson, George Ireland, John Kanellitsas, John Macken, and Franco Mignacco to the Board of Directors and appointment of three new Directors, Nicole Adshead-Bell, Gabriel Marcelo Rubacha and Lenard F. Boggio. The restructured Board of Directors has a very strong expertise in corporate governance, mining, project development, finance and government and community relations.

- On March 28, 2016, the Company signed a definitive agreement with SQM to enter into a 50/50 Joint Venture on the Cauchari-Olaroz project. SQM contributed US$25 million to Minera Exar, a wholly owned subsidiary of Lithium Americas, in exchange for a 50% equity interest in Minera Exar. SQM is a world leader in lithium production with decades of development and operating experience and a strong technical and commercial team.

- On March 22, 2016, the Company announced a name change from Western Lithium USA Corp. to Lithium Americas Corp. and the name of its Nevada-based wholly-owned subsidiary was changed to Lithium Nevada Corp. from Western Lithium Corp. The name of Kings Valley project was changed to Lithium Nevada project and Mr. Kanellitsas was appointed as a new President of the Company effective March 30, 2016.

- On December 29, 2015, the Company announced that further to a non-brokered private placement with an affiliate of Bangchak Petroleum Public Company Limited ("Bangchak"), Bangchak has agreed to convert its remaining subscription receipts into common shares of the Company and release from escrow to the Company the final tranche of US$3.5 million. This brings the total investment by Bangchak into the common shares of the Company to US$5 million.

- On December 15, 2015 the Company completed the US$5 million Line of Credit Agreement with its largest shareholder, Geologic Resource Partners LLC. The Company did not draw down any funds under this facility, paid no interest and cancelled the facility post completion of the Joint Venture with SQM.

- On November 17, 2015 the Company announced a post-merger integration and organization update, the appointment of Tom Hodgson as CEO, John Kanellitsas as Vice-Chairman and George Ireland, the Company's largest shareholder joined the Company's Board of Directors.

Cauchari-Olaroz Project Overview

The scientific and technical information contained under the heading "*Cauchari-Olaroz Project Summary*" below is derived from the Feasibility Study ("FS") which was prepared by (i) Mark King, PhD, Pl. Geo.; (ii) Roger Kelley, Chem. Eng.; and (iii) Daron G. Abbey M.Sc., P.Geo., all of whom are independent qualified persons for the purposes of NI 43-101. A copy of the FS is available on SEDAR at www.sedar.com.

The FS assumes the Cauchari-Olaroz project is built in two stages, with each stage consisting of a 20,000 TPA lithium carbonate facility and a 40,000 TPA potash facility. The second stage would be the subject of a separate study to be undertaken by the Company. Stage 2 is expected to improve the already positive Cauchari-Olaroz project financials for stage 1, as outlined in the FS. No estimated financial results associated with stage 2 are included in the FS results.

Cauchari-Olaroz Project Overview (continued)

Update since publishing the FS

Since the FS was published in June of 2012, for the remainder of 2012, LAC received final permits for the construction of the Cauchari-Olaroz project. Since 2013 and until the formation of the Joint Venture with SQM, LAC was focused on engaging in negotiations with potential strategic partners.

Cauchari-Olaroz Project Summary

Property Description, Location and Access

The Cauchari and Olaroz Salars are located in the Department of Susques in the Province of Jujuy in northwestern Argentina, approximately 250 km northwest of San Salvador de Jujuy, the provincial capital. The nearest port is Antofagasta (Chile), located 530 km to the west. Access is via paved National Highways 9 and 52, which connect the site to San Salvador de Jujuy and Salta in Argentina. The midpoint between the Olaroz and Cauchari Salars is located on Highway 52, 55 km west of the Town of Susques. In addition, Highway 52 connects to Paso Jama, a national border crossing between Chile and Argentina, providing connection to Chilean Route 27 and granting convenient access to Antofagasta and Mejillones, likely embarkation ports for the product. Access is possible through a gravel road (Route 70) which skirts the west side of the salars, this road is approximately 1 km from the plant site.

LAC acquired its interest in the Cauchari-Olaroz Project, through its Argentinean subsidiary Minera Exar, through direct staking or entering into exploration contracts with third party property owners. The claims are contiguous and cover most of the Cauchari Salar and the eastern portion of the Olaroz Salar.

The area that contains the resource and reserve estimate is covered by mining concessions which grants the holder the perpetual mining right subject to the payment of a canon and an agreed upon investment.

History

Historically, Rio Tinto has mined borates on the western side of Cauchari, at Yacimiento de Borato El Porvenir. Grupo Minero Los Boros S.A. mines a few thousand tonnes per year of ulexite on the east side of the Olaroz Salar. No other mining activity (including lithium production) has been recorded at the properties comprising the Cauchari-Olaroz project. LAC acquired mining and exploration permits across the Cauchari and Olaroz Salars during 2009 and 2010 and initiated lithium exploration activities over these claims during 2009.

Geological Setting, Mineralization and Deposit Types

Geology

There are two dominant structural features in the region of the Cauchari and Olaroz Salars: north-south trending high-angle normal faults and northwest-southeast trending lineaments. The high-angle north-south trending faults form narrow and deep horst-and-graben basins which are accumulation sites for numerous salars, including Olaroz and Cauchari. Basement rock in this area is composed of Lower Ordovician turbidites (shale and sandstone) intruded by Late Ordovician granitoids. It is exposed to the east, west and south of the two salars, and generally along the eastern boundary of the Puna Region.

Cauchari-Olaroz Project Summary (continued)

Geological Setting, Mineralization and Deposit Types *(continued)*

Geology (continued)

The salars are in-filled with flat-lying salar deposits, including the following five primary informal lithological units that have been identified in drill cores: red silts with minor clay and sand; banded halite beds with clay, silt and minor sand; fine sands with minor silt and salt beds; massive halite and banded halite beds with minor sand; and medium and fine sands. Alluvial deposits intrude into these salar deposits to varying degrees, depending on location. The alluvium surfaces slope into the salar from outside the basin perimeter. Raised bedrock exposures occur outside the salar basin. The most extensive intrusion of alluvium into the basin is the Archibarca Fan, which partially separates the Olaroz and Cauchari Salars. Route 52 is constructed across this alluvial fan. In addition to this major fan, much of the perimeter zone of both salars exhibits encroachments of alluvial material associated with fans of varying sizes.

Mineralization

The brines from Cauchari are saturated in sodium chloride with total dissolved solids on the order of 27% (324 to 335 grams per litre) and an average density of about 1.215 grams per cubic centimetre. The other primary components of these brines include: potassium, lithium, magnesium, calcium, sulphate, HCO_3, and boron as borates and free H_3BO_3. Since the brine is saturated in NaCl, halite is expected to precipitate during evaporation. In addition, the Cauchari brine is predicted to initially precipitate ternadite as well as a wide range of secondary salts that could include: astrakanite, schoenite, leonite, kainite, carnalite, epsomite and bischofite.

Deposit Type

The Cauchari and Olaroz Salars are classified as "Silver Peak, Nevada" type terrigenous salars. Silver Peak, Nevada in the USA was the first lithium-bearing brine deposit in the world to be exploited. These deposits are characterized by restricted basins within deep structural depressions in-filled with sediments differentiated as inter-bedded units of clays, salt (halite), sands and gravels. In the Cauchari and Olaroz Salars, a lithium-bearing aquifer has developed during arid climatic periods. On the surface, the salars are presently covered by carbonate, borax, sulphate, clay and sodium chloride facies. Cauchari and Olaroz have relatively high sulphate contents and therefore both salars can be further classified as "sulphate type brine deposits".

Exploration

Other than drilling, the exploration programs conducted on the Cauchari-Olaroz project area included the following:

- Seismic Geophysical Program – Seismic surveying was conducted to support delineation of basin geometry, mapping of basin-fill sequences, and siting borehole locations.

- Time Domain Electromagnetic (TEM) Survey – TEM surveying was conducted to attempt to define fresh water and brine interfaces within the salar. The TEM survey results indicate that the method can be used to determine resistivity contrasts within the salar.

- Vertical Electrical Sounding (VES) Survey – A VES survey was conducted to attempt to identify fresh water and brine interfaces, and extensive fresh water occurrences. The VES results enabled the differential of the five zones on the Archibarca Fan and salar perimeter locations. The VES results are also useful for general delineation of the fresh water/brine interface on the salar boundary.

Cauchari-Olaroz Project Summary (continued)

Exploration *(continued)*

- Surface Water Sampling Program – An ongoing program is conducted to monitor the flow and chemistry of surface water entering the salars. Data acquired from this program supported the water balance calibration and numerical groundwater modelling.

- Pumping Test Program – Pumping and monitoring wells were installed and pumping tests were conducted at five locations to estimate aquifer properties related to brine recovery and fresh water supply.

- Boundary Investigation – This test pitting and borehole program was conducted to assess the configuration of the fresh water/brine interface at the salar surface and at depth, at selected locations on the salar perimeter. Data from this program were interpreted in conjunction with the VES survey and support the extension of the hydrostratigraphic model and the lithium grade interpolation to the outer boundaries of the salar and the evaluation of numerical model boundary conditions for lithium.

- Numerical Modelling – A detailed numerical evaluation of existing natural brine conditions and predicted responses to long term brine pumping was conducted to support the Reserve Estimate.

The above exploration initiatives along with several other programs such as surface sampling, a gravity survey, airlift testing program and the drill programs were used to support the Resource and Reserve estimates at the Cauchari-Olaroz project as set out herein.

Drilling

Reverse Circulation (RC) Borehole Drilling

In September 2009 and August 2010, LAC conducted dual tube reverse circulation drilling to develop vertical profiles of brine chemistry at depth in the salars and to provide geological and hydrogeological data. The program included installation of 24 boreholes and collection of 1,487 field brine samples (and additional Quality Control samples). The sampled brines had a relatively low Mg/Li ratio, indicating that the brines would be amenable to a conventional lithium recovery process.

Diamond Drilling (DD) Borehole Program

Diamond drilling at the Cauchari-Olaroz project was conducted between October 2009 and August 2010. This program was conducted to collect continuous cores for geotechnical testing and geological characterization. The program included 29 boreholes, some of which were completed as observation wells for future brine sampling and monitoring, and collection of 127 field brine samples (and additional Quality Control samples).

Sampling, Analysis and Data Verification

Sampling Method

During RC drilling, rock chips and brine were directed from the drill cyclone into a plastic bag, over a one meter interval. After the field measurements were taken, the brine sample was split into three, one-litre, clean plastic sample bottles. Two samples were mixed to form one sample, which was shipped to ASA. During diamond drilling PQ or HQ diameter cores were collected through a triple tube sampler.

Cauchari-Olaroz Project Summary (continued)

Sampling, Analysis and Data Verification *(continued)*

Sampling Method (continued)

The cores were taken directly from the triple tube and placed in wooden core boxes for geologic logging, sample collection, and storage. Undisturbed samples were shipped to D.B. Stephens & Associates Laboratory in the USA for analysis of geotechnical parameters. Brine sampling was conducted in selected DD program borehole locations. A two-valve low-flow pump was used to extract brine samples from the subsurface. After analysis of field and filed laboratory parameters, brine samples were split into three, one-litre, clean, plastic sample bottles. Two samples were mixed to form one sample, which was shipped to ASA.

Security

Samples were taken daily from the drill sites and stored at the Susques field office of LAC. All brine samples were stored inside a locked office, and all drill cores were stored inside a locked warehouse adjacent to the office. Brine samples were picked up from the Susques field office by the analytical laboratory every Friday and transported to Mendoza in a laboratory truck. Solid samples were periodically driven to Jujuy approximately three hours from the site. In Jujuy, solid samples were delivered to a courier for immediate shipment to the appropriate analytical laboratory.

Assaying and analytical procedure

Brine samples were analyzed by ASA, a laboratory independent from the Company. For the first six RC boreholes, sulphate was assayed using the turbidimetric method, with checking of 20% of samples using the gravimetric method. Subsequent samples were analyzed using only the gravimetric method. The argentometric method was used for assaying chloride and volumetric analysis was used for carbonates. Laboratory measurements were conducted to total dissolved solids, density and pH. D.B. Stephens and Associates Laboratory carried out selected geotechnical analyses on undisturbed samples from the geologic cores. Specific gravity was conducted for four formation samples as well as the relative brine release capacity method which is used to predict the volume of solution that can readily be extracted from an unstressed geologic sample.

Quality Assurance and Quality Control

Brine samples were bottled directly from the pumping test weirs and assayed at ASA, with some confirmatory assays done at Acme Santiago and the University of Antofagasta. LAC has been running a quality control program to monitor the quality of assays from ASA, which includes the insertion of a field blank, a field duplicate, and one of two remaining standards that appear to be relatively stable. These data were compiled by LAC staff and then sent to Smee and Associates Consulting Ltd. for confirmation of the accuracy and precision of the analysis.

Data verification

The qualified persons responsible for the preparation of the FS, conducted the following forms of data verification: visits to the Cauchari-Olaroz project site and LAC corporate office; review of LAC sampling procedures, although it is noted that actual brine sampling was not viewed due to the nature of the geologic units encountered by the RC drill at the time of the site visits; inspection of original laboratory results forms for the LAC brine dataset; inspection of electronic copies of the LAC brine dataset and comparison with corresponding stratigraphic logs; review and inspection of LAC field and laboratory QA/QC results; review of publicly available information from an adjacent exploration property in Olaroz Salar; inspection of borehole logs; inspection of the Cauchari-Olaroz project database; review of all data handling methods and procedures; inspection of original laboratory results forms for the LAC brine dataset and the Cauchari-Olaroz project database.

Cauchari-Olaroz Project Summary (continued)

Mineral Processing and Metallurgical Testing

For the brine processing development in the Salar de Cauchari contemplated in the FS, several tests were prepared in different qualified laboratories and also in pilot facilities located at the Cauchari-Olaroz project. The FS does not take into consideration the potential impact of POSCO's proprietary mineral processing technology used at the Demo Plant. The determinations of the evaporation path was made in laboratories of Universidad de Antofagasta (Chile) in late 2010 and early 2011. The tests were conducted on a brine without treatment and treated with CaO to bring down the Mg and treated with $CaCl_2$. Test results showed that it is possible to obtain a concentrated brine through an evaporation process by treating the brine with CaO to control Mg levels.

A further series of tests were performed in evaporation pans installed in the pilot plant sector in the Salar De Cauchari. All these results and analysis provided enough information for the mathematical model simulations and verify the prediction of the thermodynamic model, being able to predict the process and the thermodynamic properties of the brine.

In Minera's Laboratory, liming tests have been performed for decreasing the Mg content using different amounts of excess lime, measuring the rate of sedimentation and use of flocculants. The tests provided evidence of the amount of consumption lime required by the project.

With concentrated brine, solvent extraction bench testing was performed using various organic reagents capable of removing boron from the brine. Tests showed that the extraction process should be performed at pH=4 using HCI, and re-extraction at basic pH using a solution of NaOH. Carbonation tests were performed which established the ideal conditions which must be complied for each of the stages were obtained as well as the operating temperature and reagents dosage.

In the pilot plant located in the Salar de Cauchari, an entire string of ponds has been built to test the process of concentration and liming at a larger scale. The pond process showed better performance when liming was performed in the middle with excess lime of 10%. Similarly, it was verified that the use of $CaCl_2$ was not necessary because the Ca from the CaO is enough to stimulate the precipitation of a major portion of the SO_4, so that Li losses do not prevent the production of Li brine. In the lithium carbonate pilot plant, the possibility of removing the more complicated impurities was tested without problems, such as B, Mg and Ca and it was also possible to produce Lithium Carbonate with yields higher than 85% from concentrated Li brine produced in the pilot solar evaporation ponds.

In addition to this sylvite flotation tests conducted at the Saskatchewan Research Counsel, Mining and Minerals division, were able to establish a suitable series of process for the recovery of potash for commercial grade fertilizer

Mineral Resource and Reserve Estimates

A Mineral Resource and Reserve Estimate for the Cauchari-Olaroz project is summarized in the tables below for lithium and potassium, respectively. Both sets of results are expressed relative to a lithium grade cut-off of ≥ 354 mg/L, which was identified as a brine processing constraint by LAC engineers and have an effective date of July 11, 2012.

Lithium Resource and Reserve Summary

Description	**Concentration (mg/L)**	**(cut-off 354 mg/L)**		**(m^3)**
		Li (tonne)	**Li_2CO_3 (tonne)**	
Proven Reserves	679	37,000	197,000	5.50×10^7
Probable Reserves	665	477,000	2,517,000	7.16×10^8
Measured Resource	630	576,000	3,039,000	9.14×10^8
Indicated Resource	570	1,650,000	8,713,000	2.89×10^9

Cauchari-Olaroz Project Summary (continued)

Mineral Resource and Reserve Estimates *(continued)*

Potassium Resource and Reserve Summary

Description	Concentration (mg/L)	(cut-off 354 mg/L)		(m^3)
		K (tonne)	KCl (tonne)	
Proven Reserves	5483	302,000	576,000	5.50×10^7
Probable Reserves	5395	3,863,000	7,378,000	7.16×10^8
Measured Resource	5156	4,714,000	9,003,000	9.14×10^8
Indicated Resource	4753	13,755,000	26,271,000	2.89×10^9

- The values in the above tables are expressed as total contained metals. Reserve Estimate values are based on numerical model predictions of pumped brine (pre-processing).
- Extensive sampling indicates that the brine has a relatively low magnesium/lithium ratio (lower than three, on average), suggesting that it would be amenable to conventional lithium recovery processing. The brine is relatively high in sulphate which is also advantageous for brine processing because the amounts of sodium sulphate or soda ash required for calcium removal would be relatively low.

The lithium and potassium reserves described above occur in subsurface brine. The brine is contained within the pore space of salar deposits that have accumulated in a structural basin. A numerical groundwater model was developed for the central area of the basin, to support the reserve estimate. The model simulates long term brine recovery and is based on a rigorous assembly of groundwater flow and solute transport parameters.

Mining Operations

In the FS, lithium brine is to be extracted using production wells. The number of wells used in the operation will depend on the ponds system brine demand and therefore will impose restrictions on the production wells. Details of the mining operations are summarized further in the text below.

Processing and Recovery Operations

LAC and its consultants subjected the brine chemistry of the Cauchari deposit to a process simulation, using physicochemical properties estimation methods and process simulation techniques for phase equilibrium of solids in electrolytes (brine), specially prepared for this project. This work has been supported by the results of laboratory evaporation test work and test work at both the pilot plant and the pilot ponds. The production of Lithium Carbonate is the main focus of the project; however, experimental work evidences that it is feasible to produce Potash from the recovery of discards of the previous process; therefore the FS included this option.

Lithium Carbonate and Potash Production

In the mine plan, LAC contemplated adopting the following process route for the Cauchari brines: (i) brine extracted from the salar wells is subjected to solar evaporation in the pre-concentration ponds, allowing the removal of sulphates and other unwanted salts; (ii) then lime is added to remove magnesium and most of the sulphates; and (iii) after another concentration stage at the corresponding ponds, the concentrated lithium-rich brine is fed to the Lithium Carbonate plant and left over salts are delivered to the Potash plant.

Cauchari-Olaroz Project Summary (continued)

The initial stage at the Lithium Carbonate plant is where boron is extracted through an organic solvent extraction process. Afterwards, the brine goes into two carbonation stages with sodium carbonate, after which Lithium Carbonate is obtained. Potash is obtained from the left over salts by means of a milling, attrition, repulping and flotation process. In the next two tables, operating criteria are presented for both the Lithium Carbonate plant and the Potash plant.

Lithium Carbonate Plant Operating Criteria

Description	Unit	Value
Li_2CO_3 production	Tonnes per year	20,000
Feed grade of Li	%	0.052
Annual operation days	days	330
Annual operation hours	hours	7,700
Availability	%	90.4
Utilization (22 h/d)	%	97.2
Design factor	-	1.2

Potash Plant Operating Criteria

Description	Unit	Value
KCl production (fertilizer grade)	Tonnes per year	40,000
Feed grade of KCl (average)	%	17
Annual operation days	days	330
Annual operation hours	hours	7,700
Availability	%	90.4
Utilization (22 h/d)	%	97.2
Design factor	-	1.2

Infrastructure, Permitting and Compliance Activities

Equipment, Wells & Ponds

In the mine plan, LAC proposed to operate the production wells using submersible electric pumps with a designed slotted casing that would be located in the largest lithium concentrated brine layers. These pumps would send the brine to evaporation ponds. For process pond design, an evaporation rate of 2,554 mm per year was adopted. Based on that evaporation rate, the total evaporation pond surface area required for the production of 20,000 TPA of Lithium Carbonate and 40,000 TPA of Potash is 656 ha, of which 60 ha are required for harvest and maintenance work.

Site Infrastructure and Support Systems

The infrastructure required for the development and operation of the Lithium Carbonate and Potash plants (including generators) include process buildings; products and supplies warehouses; a combined heat and power unit; substations and electrical rooms. Heat and power would be sourced externally, and delivered on site through a four inch diameter pipeline, with a total length of approximately 50 km. The combined heat and power unit operates on natural gas and uses diesel as backup fuel. To provide the required energy for the brine extraction wells, evaporation ponds, Lithium Carbonate plant and Potash plant, the generation capacities are electrical power of 8.4 MW and thermal power 8.6 MW. Four electric generators are required, each one with a generating capacity of 2.1 MW. Thermal power heat is used to maintain the process fluids at a suitable temperature and allow the desired chemical reactions to develop.

Cauchari-Olaroz Project Summary (continued)

Infrastructure, Permitting and Compliance Activities *(continued)*

Site Infrastructure and Support Systems (continued)

In the mine plan, LAC proposes to build a permanent camp, for approximately 120 people.

Water demands for industrial use will be supplied by groundwater collecting adjacent to the salar. The wells will be located in the studied subbasins which presented favourable results. Installations for the production of Lithium Carbonate will be located close to industrial water wells. For the overall project, the estimated average consumption of industrial water is 80 liters per second ± 20%.

Environmental and Social Studies

LAC completed a number of environmental studies to support the establishment of Cauchari-Olaroz's environmental baseline. This evaluation was performed for each stage of the project: construction, operation and closure. In August 2012, the Provincial Environmental Agency of Jujuy Province, recommended approval of the EIS for the construction of the Cauchari-Olaroz project.

LAC used Equator Principles as the basis for its minimum standards for developing the Cauchari-Olaroz project. LAC development plan has been designed to promote social and economic development in a sustainable framework. LAC has signed formal contracts with the neighbouring communities that own the surface ground where the Project will be developed. According to these contracts, the communities grant LAC traffic and other rights, while the Company ensures them a regular cash flow, to be used as the members of the communities decide.

Permits and Authorities

Argentina has a provincial system to manage natural resources. Therefore, the province of Jujuy has the responsibility of providing social and environmental permits, through various departments and agencies.

These authorities have granted in due course all the authorizations and permits required for the exploration and test work carried out by LAC at the Cauchari-Olaroz project. In December 2012, LAC received approval for the construction of the Cauchari-Olaroz project from the agency in Jujuy tasked with assessing the impact and benefits to the province of any proposed lithium project.

Waste and Tailing Disposals

The evaporation process in the ponds leaves considerable amounts of salts on the bottom of the ponds. These salts must be removed and transported to nearby piles. These discarded salts can be considered as inert waste. The salts are generated from brines already present in the salar and do not introduce foreign compounds to it. They are composed of sodium chloride (common salt), sodium and calcium sulphates and boron. It is estimated that sodium chloride and sulphate make up over 87% of this waste. The Cauchari-Olaroz project does not require a tailings dam.

Several possible sites for the evaporation ponds for the plant's industrial liquid wastes were analyzed. A location close to the plant, on the salar was chosen, which is not proximate to any populated areas. A total of 20 ha are required for this purpose.

Cauchari-Olaroz Project Summary (continued)

Capital and Operating Cost Estimate

Capital Cost Estimate

The capital cost estimates are expressed in second quarter 2012 US dollars. No provision has been included to offset future cost escalation since expenses, as well as revenue, are expressed in constant dollars. The capital costs estimate includes direct and indirect costs for: General areas, such as electric, gas and water distribution; Brine production wells; Evaporation and concentration ponds; Lithium Carbonate plant, Potash plant; Infrastructure, including gas pipeline, power plant, roads, offices, laboratory and camp, and other items; contingencies, salaries, construction equipment mobilization, and other expenses. Expected confidence range of this estimate is ± 15%, while contingencies are estimated as 10% of direct and indirect costs.

The capital investment for the 20,000 TPA Lithium Carbonate Cauchari project, including equipment, materials, indirect costs and contingencies during the construction period is estimated to be US$269 million. This total excludes interest expense that might be capitalized during the same period. Disbursements of these expenditures would start in year one of development. Sustaining capital expenditures total US$28.5 million over the 40 year timeline of the mine plan.

The capital investment for the 40,000 TPA Potash Cauchari project, including equipment, materials, indirect costs and contingencies during the construction period is estimated to be US$45 million. This total excludes interest expense that might be capitalized during the same period.

The following items are not included in this estimate: sunk costs for a total of US$36.5 million, considered in the economic evaluation only for tax purposes; detail engineering; legal costs; special incentives and allowances; permissions and construction insurance; escalation; interest and financing costs; and start-up costs beyond those specifically included.

Operating Cost Estimate

Operating costs were estimated as follows:

Operating Costs Summary

Description	**Total KUS$**	**Li_2CO_3 US$/tonne**	**KCl US$/tonne**
Direct Costs			
Reagents	25,660	1,163	60
Salt Rem. and Trans.	4,015	124	38
Energy	4,968	191	29
Manpower	3,983	134	33
Cat. & Camp Services	1,311	44	11
Maintenance	2,842	103	19
Transportation	3,231	62	50
Direct Costs Subtotal	**46,009**	**1,821**	**240**
Indirect Costs			
G&A	1,487	56	9
Indirect Costs Subtotal	**1,487**	**56**	**9**
Total Costs	**47,496**	**1,876**	**249**

Cauchari-Olaroz Project Summary (continued)

Operating Cost Estimate (continued)

Lithium Carbonate production costs shown in the previous table were derived applying a 75/25 % cost split between Lithium Carbonate and Potash. It is also customary in the mining industry to report the cost of the main product net of the benefit produced by secondary products or by products, and in the FS the authors include a net lithium carbonate unit operating cost estimate.

Economic Analysis

The economic analysis is done generating a before and after tax cash flow scenario. Prices for Lithium Carbonate were taken from a market study carried out by a third party. Potash was assumed to be sold 75% in Brazil and 25% in Argentina. Evaluation criteria and tax assumptions used in developing the cash flow model are detailed in the corresponding section. Among them, it must be emphasized that the model assumes that the current tax and royalty legislation and export retention levels remain unchanged for the life of the project. In addition, the model assumes no participation of the Jujuy Government in the equity of the project.

Production schedule

The production schedule and revenues are estimated as follows:

Production Schedule, tonnes

Year	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2024**	**2034**	**2044**	**2054**	**Total**
	1	**2**	**3**	**4**	**5**	**6**	**7**	**12**	**22**	**32**	**42**	
Li_2CO_3	-	-	10,000	15,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	**785,000**
KCl	-	-			40,000	40,000	40,000	40,000	40,000	40,000	40,000	**1,520,000**

Production Revenues

Medium Price Scenario, KUS$												
	Year											**TOTAL**
	1	**2**	**3**	**4**	**5**	**6**	**7**	**12**	**22**	**32**	**42**	
Li_2CO_3	-	-	57,000	87,000	114,000	116,000	120,000	150,000	154,000	154,000	154,000	**5,804,000**
KCl	-	-			18,780	18,750	20,030	21,000	21,000	21,000	21,000	**792,560**
Total	**-**	**-**	**57,000**	**87,000**	**132,780**	**134,750**	**140,030**	**171,000**	**175,000**	**175,000**	**175,000**	**6,596,560**

Other Expenses

Other expenses and cash flow items considered in the model include Argentinean transaction tax, Jujuy and private royalties, licenses and permits, export retentions and refunds, easement rights, equipment depreciation, sustaining capital, exploration expenses amortization and remediation allowances.

Cauchari-Olaroz Project Summary (continued)

Economic Evaluation Results

Project Evaluation Results Summary

Price Case	High	Medium	Low
		(MUS$)	
CAPEX	314	314	314
Max. Negative Cash Flow	292	292	292
		Values, year 20 (MUS$)	
Revenue	213	175	127
OPEX	47	47	47
Other Expenses	14	11	7
EBITDA	**152**	**117**	**72**
		Before Taxes (MUS$)	
NPV (8%)	988	738	368
Simple Pay Back[1]	2 Y, 10 M	3 Y, 2 M	4 Y, 8 M
DCF (8%) Pay Back[1]	3 Y, 11 M	4 Y, 5 M	7 Y, 2 M
IRR	26.3%	23.4%	16.8%
		After Taxes (MUS$)	
NPV (8%)	627	464	218
Simple Pay Back[1]	3 Y	3 Y, 3 M	4 Y, 9 M
DCF (8%) Pay Back[1]	4 Y, 5 M	5 Y, 1 M	8 Y, 6 M
IRR	22.3%	19.9%	14.3%

[1] Measured from the end of the capital investment period

Exploration and Development of the Cauchari-Olaroz Project

Based on the results of the FS, LAC had previously identified its goal of achieving commercial production of battery grade lithium carbonate, using traditional evaporation technology, during 2016. Since the date of the FS there has been minimal exploration and development activity by LAC on the property, as the focus has been on securing financing and exploring other development alternatives.

Lithium Nevada Project Summary

Information in this section regarding the Lithium Nevada project is based upon, and derived from, or extracted from, the NI 43-101 Technical Report Kings Valley Property Humboldt County, Nevada, issued on May 9, 2014 (the "Updated Kings Valley Property Technical Report") prepared for the Company. On March 22, 2016, the Company announced that as a result of internal technical review, the Company has determined that its pre-feasibility study is no longer current and the Company will no longer be relying on the study for its project development planning. There are no changes to the lithium resource base on the project.

Lithium Nevada Project Summary (continued)

Property Location

The Lithium Nevada project comprises an area of approximately 15,233 ha within Humboldt County, Nevada, that is approximately 100 km north-northwest of Winnemucca and 40 km west-northwest of Orovada, Nevada (centered on 41°42'27.24"N Latitude, 118°3'26.81"W).

Situated in a remote section of northern Nevada, the Lithium Nevada project consists primarily of sparsely populated open range land within, and surrounded by, BLM lands on the northwest, western and southern sections of the McDermitt caldera. A small number of the claims are located, and registered, in Malheur County, Oregon. The Stage 1 and Stage 2 Lens, being approximately 1,468 hectares, and 2,431 acres, respectively, are situated:

- with respect to the Stage 1 Lens, at the southern end of the McDermitt caldera in Township 44 North, Range 35 East within Sections 3, 4, 5, 6, 7, 8, 9, 10, 15, 16, and 17 and on the USGS Thacker Pass at 7.5 min quadrangle at an approximate elevation of 1,500 m; and

- with respect to the Stage 2 Lens, in Township 45 North, Range 34 East, Sections 2 and 13; Township 46 North, Range 34 East, Sections 11 and 27.

Accessibility, Infrastructure and Physiography

Access to the Stage 1 Lens and the Stage 2 Lens is via the paved U.S. Highway 95, travelling approximately 70 km north from Winnemucca to Orovada and then heading west-northwest for 33 km on paved State Route 293 toward Thacker Pass to the project area. On-site access is via numerous gravel and dirt roads. Roads are all season and in generally good repair, but may be closed for short periods due to extreme weather in the winter. The nearest railroad access is located in Winnemucca. Elko, 264 km east of Winnemucca, and Reno, 264 km southwest of Winnemucca (both on U.S. Highway 80), offer commercial air service.

Currently, there is a 115 kV power line that passes through the project area. Water is available in the region and water rights have been obtained and will be sourced from the adjacent Quinn River Valley which is in the same watershed basin as the project site. An independent groundwater study has been completed by Schlumberger Water Services. Certain water extraction rights have been transferred to the project site. There is sufficient space within the Stage 1 Lens site to accommodate the processing plant and mine support facilities, overburden placement site, anticipated dry tailings storage facility, the limited wet tailings storage facility, water diversions, and containments. Nearby mining operations operate continuously through the winter.

Geological Setting

The Stage 1 Lens and Stage 2 Lens are located in the McDermitt Caldera, a well preserved Miocene collapse structure in north-western Nevada and southern Oregon. Because of the good exposures and preservation of the caldera complex, the area has been the focus of significant research activity over several decades by the U.S. Geological Survey.

The Stage 1 Lens is the southernmost and smallest of the mineralized lenses in the area. The lens is composed of an approximately 3 to 5 m thick layer of alluvium underlain by lithium-enriched interbedded claystones, ash-rich clays and ash layers up to 60 to 90 m thick in the northwest and southwest ends of the site area. These claystone-ash layers thin in the middle of the proposed pit coinciding with faulting and a predominance of brown-black basalts. Interbedded basalts occur fairly shallowly in the northwest end of the pit and are found deeper in the southeast end.

The lithium-rich beds with higher lithium concentrations (>4,000 ppm) are generally found deeper in the deposit (below 30 m). The base deposit varies across the project area averaging between 68 to 90 m and is marked by an obvious transition to an oxidized silicified claystone and ash layer.

Lithium Nevada Project Summary (continued)

Geological Setting *(continued)*

The Stage 2 Lens mineralized beds are comprised mainly of a dark green claystone, at times intercalated with arkose beds and, in the North-East region of the modelled area, a fanglomerate body. Lithium-rich beds are generally 10 to 60 m thick in most areas. Lithium Nevada's drilling shows that the average thickness of lithium mineralization is thicker than that indicated by the data obtained by Chevron because, as was the case in the Stage 1 Lens, some of the Chevron holes stopped in mineralization.

Exploration

Exploration on the Lithium Nevada project has consisted of geological mapping to delineate the limits of the moat volcaniclastic sedimentary rocks and drilling to determine the grade and location of mineralization. Some, if not most, of the area has been covered by airborne gamma ray spectrometry, but those data are not pertinent to exploration for lithium.

Downhole surveys have been performed on selected holes drilled, which indicate that holes at each of Stage 1 Lens and Stage 2 Lens are drilled vertically or very nearly vertical with the exception of one hole which was intentionally drilled at 70 degrees from horizontal.

Environmental Considerations

Development of the project would include on-site infrastructure development including the mine, process plant, tailings impoundments, and ancillary facilities. The project requires multiple permits and approvals from regulatory agencies and other entities at the federal, state and local levels. Lithium Nevada has completed baseline studies for geochemistry, vegetation, wildlife (including extensive studies for the Greater Sage-grouse), surface and groundwater quality and quantity, wetlands and waters of the U.S., seep and springs; soils, cultural resources, noise, visual analysis, weather monitoring, and other issues specific to the Lithium Nevada project area. The collected baseline study data will support the overall permitting and approval process for the proposed project, and the completion of the required National Environmental Policy Act (NEPA) environmental study.

The U.S. Fish and Wildlife Service (USFWS) in September 2015 determined that listing the sage-grouse was not warranted under the Endangered Species Act. Concurrently, the Bureau of Land Management (BLM) finalized their Land Use Plan Amendment (LUPA) that helps to conserve greater sage-grouse habitat. The BLM still considers the sage-grouse to be a special status species. The BLM Winnemucca District LUPA designates the Lithium Nevada Stage 1 Property as a Priority Habitat Management Area (PHMA) and also designates the Lithium Nevada Stages 2-5 Property as PHMA, but within a Sagebrush Focal Area (SFA). SFAs are more sensitive areas within the PHMAs. The BLM recently initiated steps to withdraw SFA-designated lands from location and entry under the United States mining laws, subject to valid existing rights. An immediate segregation, which lasts up to two years (with an option for a two year extension) until the Secretary decides whether to make the withdrawal permanent, prohibits the location of any new mining claims in the designated areas. Lithium Nevada has over 2,500 mining claims within and surrounding the Lithium Nevada Project Stages 1-5, including those within the SFA, which have valid existing rights. Lithium Nevada anticipates that it will be required by BLM to implement varying stages of mitigation measures for sage-grouse habitat throughout development of its Lithium Nevada property. Lithium Nevada understands that the BLM can impose conditions on access, project design, and periods of use where needed to limit impacts to sage-grouse habitat. Lithium Nevada understands that if it files notices of intent to operate or applications for plans of operation for Stages 2-5, BLM may require a validity exam for some or all of the mining claims associated with Stages 2-5. Further, due to the requirement of a validity exam in Stages 2-5 areas, there is a risk that development may be subject to time delays or restrictions or mitigation measures in order to address sage-grouse habitat protection that could compromise the economic viability of future development of the Lithium Nevada Property. Lithium Nevada will continue to build on our partnerships with the BLM, Nevada Department of 43 Wildlife, and State of Nevada Sagebrush Ecosystem Technical Team to identify lasting conservation efforts and productive mitigation.

The following financial information is presented in thousands of US dollars and shares in thousands, unless otherwise stated and except per share amounts.

Summary of Selected Quarterly Results

	2016		2015				2014	
	Q2 US$	Q1 US$	Q4 US$	Q3 US$	Q2 US$	Q1 US$	Q4 US$	Q3 US$
Total assets	57,664	57,876	68,541	27,572	20,072	21,476	24,354	25,649
Exploration and evaluation assets	1,010	31,361	42,623	508	508	458	456	-
Investment in Joint Venture	18,163	-	-	-	-	-	-	-
Capital assets	19,164	18,932	18,713	18,383	17,892	17,248	15,933	12,679
Working capital	13,667	2,532	840	4,595	427	2,571	6,050	11,316
Expenses	(2,742)	(2,707)	(1,546)	(1,263)	(1,461)	(2,333)	(2,165)	(1,604)
Net (loss)/income for the period	(11,365)	(3,272)	(2,202)	(1,419)	(1,569)	(2,365)	(2,173)	2,066
Basic (loss)/earnings per common share	(0.03)	(0.01)	(0.06)	(0.01)	(0.01)	(0.02)	(0.02)	0.02
Diluted (loss)/earnings per common share	(0.03)	(0.01)	(0.06)	(0.01)	(0.01)	(0.02)	(0.02)	0.02

Quarterly amounts added together may not equal to the total reported for the period due to rounding or reclassifications. No revenues were earned during the quarterly periods presented.

Total Assets

The Company's total assets decreased in Q1 2016, mostly due to the decrease in exploration and evaluation assets as a result of significant change in Argentinian peso/US$ exchange rate. The significant change in foreign exchange rate is due to the implementation of new economic policies by the recently elected president in Argentina. The Company's Cauchari-Olaroz project cost is dominated in Argentinian pesos ("Pesos") and translated for reporting purposes to US$ at spot rate at the end of each reporting period. The peso weakened by 37%, from 9.41 per US$1 on September 30, 2015, to 12.95 per US$1 on December 31, 2015; and further weakened by 13% to $14.60 per US$1 on March 31, 2016. As a result of the declining Peso, the exploration and evaluation assets were reduced by $11,335 in Q1 2016 and further reduced by $3,539 in Q2 2016.

The Company's total assets increased by $40,969 in Q4 2015 compared to Q3 2015 mainly due to the acquisition costs of $41,665 allocated to the Cauchari-Olaroz project as a result of Lithium Americas and Western Lithium merger in September 2015.

The Company's total assets increased by $7,500 in Q3 2015 compared to Q2 2015 due to net proceeds of $5,827 from a bought deal offering, net proceeds of $2,613 from a convertible security financing, offset by cash expenses of $1,159. The Company's total assets decreased by $1,404 in Q2 2015 mainly due to cash expenses of $1,284. The Company's total assets decreased by $2,878 in Q1 2015 mainly due to cash expenses of $2,071.

Exploration and Evaluation Assets

Exploration and evaluation assets decreased in Q2 2016 mainly due to the declining Peso and accounting for the Joint Venture with SQM.

Exploration and Evaluation Assets (continued)

In Q1 2016, the significant decrease in the carrying amount of the Company's Cauchari-Olaroz project cost is due to the significant foreign exchange rate fluctuation for Argentinian pesos.

In Q4 2015, the Company capitalized $452 related to the annual claim fees paid to BLM for the Lithium Nevada project and recorded additions of $41,665 net of $251 for foreign exchange differences for the Cauchari-Olaroz project.

In Q4 2014, the Company capitalized $456 to exploration and evaluation assets, mainly related to the annual claim fees paid to BLM for the Lithium Nevada property.

Investment in Joint Venture

The increase in the investment in the Joint Venture in Q2 2016 is due to the completion of the joint venture transaction with SQM which closed on March 28, 2016.

Capital Assets

The increases in capital assets during the quarters are mainly due to construction, purchase of equipment and other additions to Hectatone's organoclay plant in Nevada.

Working Capital

The increase in working capital of $11,135 in Q2 2016 is mostly attributable to the $13,333 receivable from the Joint Venture, offset by operating expenses, additions to capital assets, exploration and evaluation assets and decrease in accounts payable and accrued liabilities.

The increase in working capital of $1,692 in Q1 2016 was mostly attributable to the net proceeds of $3,310 from the subscription receipts issued to Bangchak offset by operating expenses, additions to capital assets and exploration assets.

The decrease in working capital of $3,755 in Q4 2015 compared to Q3 2015 was mostly attribuitable to net proceeds of $1,330 from a subscription receipts financing, and addition of consolidated cash and other current assets as a result of Western Lithium and Lithium Americas merger, offset by operating expenses, convertible securities, repayment of long-term borrowing, lease payments, additions to capital asset cash payments, and payables on the day of the merger.

The increase in working capital in Q3 2015 compared to Q2 2015 was mostly due to the net proceeds of $5,891 from a bought deal offering, offset by operating expenses, convertible security, additions to capital assets, repayments of long-term borrowing and capital leases payments. The decrease in working capital in Q2 2015 compared to Q1 2015 and in Q1 2015 compared to Q4 2014 were mostly due to the acquisition of capital assets and operating expenses.

Expenses and Net (Loss)/Income

In Q2 2016 the salaries and benefits increased by $204, stock-based compensation by $105, offset by a decrease in exploration expenditures of $391. The increase in the salaries and benefits during Q2 2016 is mostly due to the management changes. The increase in stock-based compensation is due to new options granted to directors and employees. The decrease in the exploration expenditures is mainly due to the timing of running the lithium demonstration plant campaign. The Company's also recorded it's share of the Joint Venture's expenses of $113.

Summary of Selected Quarterly Results *(continued)*

Expenses and Net (Loss)/Income (continued)

In Q2 2016, the Company recorded convertible security accretion expense of $183, compared to $483 recorded in Q1 2016 and to $644 in Q4 2014. The decrease in accretion expense in Q2 2016 compared to prior quarters is due to a change in the estimated repayment schedule.

The Company realized a loss of $8,979 on the sale of a 50% of its equity interest in Minera Exar to SQM mainly due to $15,093 of cumulative amount of exchange differences ("CTA") in Minera Exar. Under IFRS, the cumulative amount of exchange differences recognized in other comprehensive income is carried forward as a separate component of equity until there is a disposal of control of the foreign operation. On disposal of a 50% equity interest in in Minera Exar, control of this investment reverted to an equity interest under IFRS and, accordingly, the entire amount of CTA was reclassified from other comprehensive loss to profit and loss.

In March 2016, the Company received a favourable court judgement on ongoing litigation between the Company and a former senior officer of the Company and reversed a previously recorded provision of $544 included in accounts payable and accrued liabilities and recorded the reversal as a gain in other income (loss). In March 2016, the Company cancelled a $5,000 line of credit and expensed a $75 execution fee which was included in other income/(loss).

In Q1 2016 expenses increased by $1,161 compared to Q4 2015 mainly due to increase in Lithium Nevada exploration expenditures of $263, increase in the Cauchari-Olaroz project exploration expenditures of $409, increase in salaries and benefits of $130, and increase in stock-based compensation expense of $325 for the options granted in the quarter. In Q4 2015, the Company reported one month of the Cauchari-Olaroz project expenditures vs three months of expenditures and in Q1 2016. The increase in the salaries and benefits during the Q1 2016 is mainly due to the additions to the Company's management team as a result of the Lithium Americas and Western Lithium merger.

In Q4 2015 expenses increased by $283 compared to Q3 2015 mainly due to increase in professional fees of $107 and exploration expenditures of $183 related to the additon of the Cauchari – Olaroz project during the quarter.

In Q3 2015 expenses decreased by $150 compared to Q2 2015 mainly due to a decrease in exploration expenditures of $115 and stock based compensation expense of $74.

In Q2 2015 expenses decreased by $872 compared to Q1 2015 mainly due to the decrease in exploration expenditures of $346, professional fees of $78, stock based compensation expense of $84, and salaries and benefits of $282. Q1 2015 expenses increased by $168 compared to Q4 2014 mainly due to the increase of $232 in wages and benefits, offset by a $192 decrease in stock-based compensation and a decrease of $98 in exploration expenditures. Increases in all expense categories in Q1 2015 compared to Q4 2014 was due to an increase in corporate activities.

Fluctuations in expenses from quarter to quarter for other presented periods were mainly due to changes in exploration activities and stock-based compensation expense.

Results of Operations – Three Months Ended March 31, 2016

For the three months ended March 31, 2016, the Company reported a loss of $11,365 compared to a loss of $1,569 for the three months ended March 31, 2015, of which $8,623 (Q2 2015 - $108) is attributed to other items discussed in the summary of the quarterly results and $2,742 (Q2 2015 - $1,461) is attributed to expenses, mostly in the following categories:

Results of Operations – Three Months Ended March 31, 2016 (continued)

Exploration expenditures of $769 (Q2 2015 – $447) include $303 (Q2 2016 - $447) of expenditures for the Lithium Nevada project, and $466 (Q2 2015 - $Nil) for the Cauchari-Olaroz project. Included in the Lithium Nevada project expenditures is $135 (Q2 2015 - $285) related to the lithium demonstration plant;

Loss from Joint Venture of $113 (Q2 2015 - $Nil) represents the Company's share of the Joint Venture expenses for the period March 28-31, 2016, for local taxes, legal fees and initial payment related to the Los Boros agreement.

Marketing expenses of $185 (Q2 2015 - $102) include salaries of Hectatone's marketing staff and their travel expenses;

Office expenses of $175 (Q2 2015 – $166) include Vancouver, Reno and Toronto office rent, insurance, IT, telephone and other related expenses and general office expenses;

Professional fees of $157 (Q2 2015 - $39) consist of legal fees of $87 (Q2 2015 - $10), consulting fees of $49 (Q2 2015 - $14), public relations fees of $6 (Q2 2015 - $6), and accounting fees of $15 (Q2 2015 - $9). The increase in all categories is due to an increase in corporate activities.

Salaries and benefits of $628 (Q2 2015 – $288) include salaries and benefits for the Company's employees. Salaries and benefits were higher in Q2 2016 mainly due to an increase in a number of employees as a result of the merger of Western Lithium and Lithium Americas in September 2015 and management changes.

Stock-based compensation of $274(Q2 2015 - $188) is a non-cash expense and represents the estimated fair value of stock options vested during the period. It is accounted for at fair value as determined by the Black-Scholes Option Pricing Model using estimates that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate. It varies from period to period based on the number and valuation of the stock options granted during the period, vesting provisions, and an amortization schedule of previously granted stock options. The increase in this expense is due to a new stock options grant in Q2 2016.

Results of Operations – Six Months Ended March 31, 2016

For the six months ended March 31, 2016, the Company reported total comprehensive loss of $14,214 compared to a total comprehensive loss of $4,090 for the six months ended March 30, 2015, of which $5,376 (2015 - $3,794) is attributed to expenses, $9,262 loss (2015 - $140) to other items discussed in the quarterly results, $15,093 income due to reclassification of cumulative adjustments on disposal of 50% interest in subsidiary (2015 - $Nil) and $14,669 (2015 - $156) to an unrealized loss on translation to reporting currency.

Exploration expenditures of $1,929 (2015 – 1,240) include $21 (2015 - $98) for the Lithium Nevada hectorite mine, $932 (2015 - $1,142) for the Lithium Nevada project, and $976 (2015 - $Nil) for the Cauchari-Olaroz project. Included in the lithium project expenditures is $652 (2015 - $901) related to the lithium demonstration plant.

Marketing expenses of $331 (2015 - $231) include salaries, bonuses and expenses incurred for the marketing of Hectatone products.

Office expenses of $310 (2015 - $345) includes Vancouver, Reno, and Toronto office rent, insurance, IT, telephone and other related expenses and general office expenses at the organoclay plant office.

Professional fees of $321 (2015 - $156) consist of legal fees of $162 (2015 – $64), consulting fees of $100 (2015 - $54), public relations fees of $12 (2015 - $12), and accounting fees of $47 (2015 - $26). The increase in all categories is due to an increase in corporate activities.

Results of Operations – Six Months Ended March 31, 2016 (continued)

During the six months ended March 31, 2016, the Company recorded a reduction of its Cauchari-Olaroz property acquisition cost of $14,874 due to a change in foreign currency exchange rate with a correspondent increase in other comprehensive loss. The 50% of equity interest in Minera Exar was sold to SQM and the remaining 50% of Minera Exar's net assets was recorded at costs as an initial contribution to Joint Venture reducing the Cauchari-Olaroz property acquisition cost to $Nil. Upon disposal of a 50% equity interest in Minera Exar, the entire amount of CTA was reclassified from other comprehensive loss to profit and loss (see description under "Expenses and Net (Loss)/Income" above).

Liquidity and Capital Resources

Cash Flow Highlights	**Six months ended March 31,**	
	2016 **$**	2015 $
Cash used in operating activities	**(5,071)**	(3,536)
Cash used in investing activities	**(1,293)**	(2,703)
Cash provided by/(used) in financing activities	**3,455**	(18)
Effect of foreign exchange on cash	**63**	(290)
Decrease in cash	**(2,846)**	(6,547)
Cash and cash equivalents - beginning of period	**5,552**	7,160
Cash and cash equivalents - end of period	**2,706**	613

As at March 31, 2016, the Company had cash of $2,706 and working capital of $13,667 compared to $5,552 cash and working capital of $840 on September 30, 2015.

In January 2016, the Company received $3,500 from the Bangchak non-brokered private placement of subscription receipts reported as restricted cash on December 31, 2015.

On December 15, 2015, the Company obtained a $5,000 line of credit for working capital purposes from the Company's largest shareholder. Subsequent to receiving funds from the Joint Venture with SQM, the line of credit facility was cancelled on April 2, 2016. No amounts were drawn and no interest was paid in connection with this facility.

In April 2016, the Company received $14,754 from the Joint Venture, net of $246 transaction costs.

The Company will require additional working capital to continue development of its Hectatone business and for further development of its lithium projects. The Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. There can be no assurance that the Company will be successful in obtaining the required financing to develop its projects.

Except as disclosed, the Company does not know of any trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, its liquidity and capital resources either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in liquidity and capital resources are substantially determined by the success or failure of the exploration and development programs.

The Company does not know nor does it expect in the future to engage in currency hedging to offset any risk of currency fluctuations.

Financings

Bangchak Financing

The Company received $5,000 from a non-brokered private placement of common shares with Bangchak. Pursuant to the placement, $1,500 was received in fiscal 2015 and $3,500 was received during the six months ended March 31, 2016.

June 2015 Bought Deal Offering

In June 2015, the Company completed a bought deal offering. The offering consisted of 11,414 units of the Company (the "Units") at a price of CDN$0.70 per unit for aggregate gross proceeds of $6,487.

The Company used the proceeds from the offering as follows:

USE OF PROCEEDS	12-MONTHS BUDGET AMOUNT (as reported in the June 2015 Prospectus) in CDN$, millions	12-MONTHS BUDGET AMOUNT (as reported in the June 2015 Prospectus) in US$, millions(1)	SPENT from June 9th, 2015 to March 31, 2016 in US$, millions
Hectatone plant inventory acquisition, production inputs, operating expenses:	1.2	1.0	2.1(3)
Lithium Nevada Demonstration Plant trials	1.0	0.8	0.7
Lithium Nevada project:			
Lithium Nevada project annual claim fees (2 years)	1.0	0.8	0.5
Lithium hydroxide studies and testing	0.25	0.2	0.5
Engineering and optimization studies	0.75	0.6	-
General and administration	3.0	2.4	2.4(2)
Total	**$7.2**	**$5.0**	**$6.2**

(1)Amounts determined using June 9, 2015 exchange rate of CDN$1=US$0.8119
(2)Does not include line of credit fee and transaction costs.
(3) Increase is due to longer than budgeted commissioning stage of Hectatone plant.

Convertible Security

In May 2015, the Company received $2,800 under the convertible security funding agreement, net of prepaid interest of $560 and financing fee of $140, and issued a convertible security with a face value of $3,500. The convertible security has a two-year term from the date of issue and incurs a simple prepaid interest rate of 10% on the amount of funding. The Company has provided a second lien on its Organoclay plant as a security for the convertible security.

The following table presents the security conversions to date:

Conversion Date	Conversion Amount $	Calculated Conversion Price CDN$	Number of Shares Issued
September 22, 2015	300	0.4721	838
October 13, 2015	350	0.2326	1,962
November 2, 2015	200	0.2995	875
November 30, 2015	275	0.2484	1,479
December 31, 2015	350	0.2786	1,744
January 25, 2016	250	0.3242	1,101
February 29, 2016	211	0.3340	877
Subtotal	**1,936**	**0.29**	**8,876**

Operating Activities

Cash used in operating activities during the six months ended March 31, 2016, was $5,071 compared to $3,536 net cash used during the six months ended March 31, 2015. The significant components of operating activities are discussed in the Results of Operations sections.

Investing Activities

Investing activities required cash of $1,293 during the six months ended March 31, 2016, compared to $2,703 used during the six months ended March 31, 2015. The cash used in investing activities during the six months ended March 31, 2016, was used mainly for the additions to capital assets of $804 (2015 - $2,651), additions to exploration and evaluation assets of $396 (2015 - $52) and additions to organoclay plant of $369 (2015 - $1,278).

Investment in Joint Venture

On March 28, 2016, the Company announced a definitive agreement with SQM to enter into 50/50 joint venture on the Cauchari-Olaroz lithium project in Jujuy, Argentina. SQM contributed $25,000 to Minera Exar, a wholly owned subsidiary of Lithium Americas, in exchange for a 50% equity ownership in Minera Exar. Following receipt of the contribution, Minera Exar repaid loans and advances from Lithium Americas in the amount of $15,000 and the remaining $10,000 is to be used by the Joint Venture for certain project development costs to be incurred. The $15,000 payable to Lithium Americas was received from Minera Exar subsequent to March 31, 2016 and is accounted for as a receivable from the Joint Venture at that date. The Company recorded $8,979 loss on sale of its 50% equity interest in Minera Exar.

SQM and the Company entered into Escrow Agreement, according to which the Company will deposit $2,500 (the "Escrow Amount") into an escrow account. Subject to certain provisions, the Escrow Amount will be released to the Company over the three years as follows: $833 on March 28, 2017, $833 on March 28, 2018, and $833 on March 28, 2019. The Escrow Amount can be used to pay certain contingent liabilities of Minera Exar, if any arise, related to the actions prior to the Joint Venture formation. The Company recorded a $13,333 receivable from the Joint Venture as a current asset and $1,667 as a non-current asset. The Company has also provided a guarantee for up to $354 in transaction related costs in the event that such costs arise in the future.

Financing Activities

During the period ended March 31, 2016, the Company received cash of $36 (2015 - $53) from the exercise of stock options and repaid finance leases of $20 (2015 - $16).

During the period ended March 31, 2016, the Company received $3,500 from Bangchak subscription receipt financing and incurred $191 in related costs. Accounts payable and accrued liabilities related to the subscription receipts financing on March 31, 2016, were $263.

Current Share Data

As at the date of this report, the Company has 295,612 common shares issued and outstanding, 22,388 stock options outstanding, and 16,082 warrants.

Related Party Transactions

Prior to April 1, 2016 the Company paid its non-executive directors a fee of CDN$25 per year and an additional CDN$10 per year to the Company's Audit Committee Chair. Effective April 1, 2016, the Company revised the remuneration of its non-executive directors to a base annual fee of $35 per year and an additional $5 per year to a Committee Chair, $10 to the Company's Audit Committee Chair, $25 to the Company's Board Chair. In addition, the Company will pay $1 per meeting in cash for Board meetings in excess of six meetings per year. The fees will be settled through a mixture of cash and the issuance of the DSU's with each board member obligated to receive a minimum of 50% and a maximum of 100% of all such compensation in DSU's.

The Joint Venture entered into an option purchase agreement with Grupo Minero Los Boros for the transfer of title to the Joint Venture on certain mining properties that comprised a portion of Cauchari-Olaroz project. The Vice-President of Los Boros is also a director of the Company.

The related party transactions incurred during the period ended March 31, 2016, were in the normal course of operations and were measured at the amount of consideration established and agreed to by the related parties. There were no contractual or other commitments from the related party transactions. The amounts due to related parties are unsecured, non-interest bearing and have no specific terms for repayment.

Commitments

As at March 31, 2016, the Company had the following commitments:

	$
Not later than one year	
Rent of office space	164

Other obligations and commitments are disclosed in Note 6 through Note 8 of the Company's condensed consolidated interim financial statement for the period ended March 31, 2016.

Financial Instruments

Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

All of the Company's financial instruments are classified into one of two categories: loans and receivables, or other financial liabilities. All financial instruments are measured in the statement of financial position at fair value initially with the exception of certain related party transactions.

Subsequent measurement and changes in fair value will depend on their initial classification. Loans and receivables and other financial liabilities are measured at amortized cost.

Cash and receivables have been designated as loans and receivables and are included in current assets due to their short term nature. The Company's other financial liabilities include accounts payable and accrued liabilities, long-term borrowing, convertible security obligation, and obligations under finance leases. Accounts payable, accrued liabilities, convertible security obligation, and the current portion of long-term borrowing and finance leases that is due within twelve months from the financial statement reporting date are included in current liabilities due to their short-term nature. Long-term borrowing and obligations under finance leases are included in long-term liabilities due to their long-term nature.

Off-Balance Sheet Arrangements

The Company's off-balance sheet arrangements related to the exploration and evaluation assets are disclosed in notes 4 and 6 of the Company's condensed consolidated interim financial statements for the period ended March 31, 2016. The Company's reclamation bond arrangement is disclosed below.

Decommissioning Provision and Reclamation Bonds

The Company estimated the fair value of the liability for decommissioning provision that arose to-date as a result of exploration activities to be $170 for the Lithium Nevada project. The fair value of the liability was determined to be equal to the estimated remediation costs. In May 2014, the Company's $908 reclamation bond payable to the Bureau of Land Management ("BLM") was guaranteed by a third-party insurance company upon the issuance of Lithium Nevada Clay Mine project permit to the Company. The bond guarantee is renewed annually and secured by the Company's $150 security deposit.

Risks and Uncertainties

There are risks associated with joint venture agreements.

The Company's interest in the Joint Venture on the Cauchari-Olaroz project is subject to the risks normally associated with the conduct of joint ventures. The existence or occurrence of one or more of the following circumstances and events could have a material adverse impact on the Company's profitability or the viability of its interests held through joint ventures, which could have a material adverse impact on the Company's business prospects, results of operations and financial condition: (i) disagreements with joint venture partners on how to conduct exploration; (ii) inability of joint venture partners to meet their obligations to the joint venture or third parties; and (iii) disputes or litigation between joint venture partners regarding budgets, development activities, reporting requirements and other joint venture matters.

Please refer to the Company's annual MD&A in the section entitled "Risks and Uncertainties" for additional risks and uncertainties faced by the Company.

Significant Accounting Policies

Please refer to the Company's annual MD&A for the Significant Accounting Policies.

Critical Accounting Estimates

The critical judgements and estimates applied in the preparation of the Company's unaudited condensed interim consolidated financial statements for the six months ended March 31, 2016 are consistent with those Significant Accounting Policies applied and disclosed in its audited consolidated financial statements for the year ended September 30, 2015 and accompanying MD&A.

New Accounting policies adopted subsequent to September 30, 2015

Investments in joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control such that significant operating and financial decisions require the unanimous consent of the parties sharing control. The Company's joint arrangement is classified as a joint venture and is accounted for using the equity method. The equity method involves recording the initial investment at cost. When a joint venture is formed from a previous investment in a subsidiary, the Company recognizes a gain or loss on change of control in relation to the portion of the investment no longer owned based upon the carrying value of the assets. Additional funding into an investee is recorded as an increase in the carrying value of the investment. The carrying amount is adjusted by the Company's share of a joint venture's net income or loss, depreciation, amortization or impairment. When the Company's share of losses of a joint venture exceeds the Company's carrying value of the investment, the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constrictive obligations or made payments on behalf of the joint venture.

Share-based payments

During the quarter ended March 31, 2016, the Company implemented a new equity incentive plan that allows the grant of restricted shares and deferred shares units. The cost of equity-settled payment arrangements is recorded based on the estimated fair value at the grant date and charged to earning over the vesting period.

New Accounting Standards and Recent Pronouncements

The Company has not yet adopted IFRS 9 – Financial Instruments: Classification and Measurement, which have been published, but is effective January 1, 2018, IFRS 15-Revenue from Contracts with Customers which is effective on or after January 1, 2018 and IFRS 16 – Leases, which is effective on or after January 1, 2019.

Investor Relations

Tom Hodgson, CEO, and John Kanellitsas, President and Vice-Chairman coordinate investor relations' activities for the Company.

Changes in Directors and Management

On May 2, 2016, the Company announced that Dr. David S. Deak has joined the Company as Chief Technical Officer ("CTO") and Senior Vice President, and President of its subsidiary Lithium Nevada Corp. ("LNC"). Dr. Deak holds a D.Phil. in Materials Science from Oxford University and is well-known within the lithium and battery materials industry. He has diverse experience, predominantly in technology development and commercial roles. Most recently, he led strategic development projects focused on battery manufacturing and supply chain activities, including lithium supply.

On March 30, 2016, the Company announced re-election of Thomas Hodgson, George Ireland, John Kanellitsas, John Macken, and Franco Mignacco to the Board of Directors and appointment of three new Directors, Nicole Adshead-Bell, Gabriel Marcelo Rubacha and Lenard F. Boggio. Jay Chmelauskas, William Haldane, B. Matthew Hornor and Terry Krepiakevich resigned from the board and withdrew their names as nominees for election as directors.

Changes in Directors and Management (continued)

On March 22, 2016, Mr. Kanellitsas was appointed as President of the Company effective March 30, 2016.

On November 17, 2015, George R. Ireland, a well-respected geologist and the President and CEO of Geologic Resource Partners LLC, and the Company's largest shareholder, joined the Board of Directors. George filled the vacancy created by the recent untimely passing of Ed Flood, also a geologist and investment manager, and one of the founders of Western Lithium.

Also on November 17, 2015 the Company announced that after a comprehensive review of the newly combined businesses, the Board of Directors has announced a restructuring of the senior management team aimed at accelerating development of the Company's large lithium resources in Argentina and the U.S. Tom Hodgson, with more than 30 years of senior executive experience and a director of Lithium Americas, will lead the team as the Company's new CEO. John Kanellitsas, an experienced business executive has been appointed Vice Chairman.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed under securities legislation is recorded, processed, summarized and reported within the time periods specified by securities regulators and include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed under securities legislation is accumulated and communicated to the issuer's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure. The Company's management designed the disclosure controls and procedures to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to them on a timely basis. The Company's management believes that any disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met.

Internal Controls over Financial Reporting

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Management is responsible for the design of the Company's internal controls over financial reporting.

The Company's internal controls over financial reporting include policies and procedures that pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and disposition of assets, provide reasonable assurance that transactions are recorded as necessary to permit the preparation of the financial statements in accordance with IFRS and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company, and provide reasonable assurance regarding prevention or timely detection of authorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Because of their inherent limitations, internal controls over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

There has been no change in the Company's internal controls over financial reporting that occurred during the most recently completed quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Forward Looking Statements

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of applicable Canadian securities legislation. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Information concerning mineral resource and mineral reserve estimates also may be deemed to be forward-looking statements in that it reflects a prediction of mineralization that would be encountered if a mineral deposit were developed and mined. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this report should not be unduly relied upon by investors as actual results may vary.

These statements speak only as of the date of this report and are expressly qualified, in their entirety, by this cautionary statement. In particular, this report contains forward-looking statements, pertaining to the following: capital expenditure programs; estimates of the quality and quantity of the mineral resources and mineral reserves at its mineral properties; development of mineral resources and mineral reserves; treatment under governmental and taxation regimes; expectations regarding the Company's ability to raise capital; expenditures to be made by the Company on its properties; the Company's expectations regarding timing and successful production of lithium carbonate and other by-products from the lithium demonstration plant; the Company's expectations regarding the preparation of an updated study for lithium carbonate production at the Lithium Nevada project; the expected timeline for the development of the Cauchari-Olaroz project; work plans to be conducted by the Company and the Joint Venture, including expectations with respect to the operational status of, and timing of commercial production at, its organoclay plant; the Company's plans to introduce certain products to the market; and the Company's ability to source sales contracts for its organoclay products.

With respect to forward-looking statements listed above and contained in the report, the Company has made assumptions regarding, among other things:

- uncertainties relating to receiving mining, exploration, environmental and other permits or approvals in Nevada and Argentina;
- the potential Lithium Nevada production of lithium, potassium and sodium products from the lithium demonstration plant in Germany;
- the potential production at the Fernley Facility;
- the impact of increasing competition in the lithium business;
- unpredictable changes to the market prices for lithium, and potassium and clay-based drilling additives;
- the market price of organoclay, the Company's ability to produce a rival product at a competitive price and to source sales contracts;
- exploration and development costs for the Cauchari-Olaroz project and the Lithium Nevada project;
- anticipated results of exploration and development activities;
- availability of additional financing or joint-venture partners;
- the Company's ability to obtain additional financing on satisfactory terms;
- the ability to achieve production at any of the Company's mineral exploration and development properties;
- preparation of an updated study for lithium carbonate production at Lithium Nevada project; and
- the continued growth of the shale gas and ultra-deep oil drilling and lithium industries.

Forward Looking Statements (continued)

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this report including the following: volatility in the market price for minerals; uncertainties associated with estimating mineral resources and mineral reserves, including uncertainties relating to the assumptions underlying mineral resource and mineral reserve estimates; uncertainty of whether there will ever be production at the Company's mineral exploration properties; geological, technical, drilling or processing problems; liabilities and risks, including environmental liabilities and risks, inherent in mineral extraction operations; fluctuations in currency exchange and interest rates; incorrect assessments of the value of acquisitions; unanticipated results of exploration activities; competition for, amongst other things, capital, undeveloped lands and skilled personnel; lack of availability of additional financing and/or joint venture partners; unpredictable weather conditions; unanticipated delays at the lithium demonstration plant or at the Fernley Facility or in preparing the feasibility study; the ability to manufacture an organoclay product that meets customer requirements; an increase in the costs of manufacturing organoclay, including the costs of any raw materials used in the process; and a reduction in the demand for shale or ultra-deep drilling.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this report are expressly qualified by this cautionary statement. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

CAUTIONARY NOTE REGARDING RESERVES AND RESOURCES

Scientific and technical information in this MD&A about the Cauchari-Olaroz Project is derived from the Feasibility Study ("FS") which was prepared by (i) Mark King, PhD, Pl. Geo.; (ii) Roger Kelley, Chem. Eng.; and (iii) Daron G. Abbey M.Sc., P.Geo., all of whom are independent qualified persons for the purposes of National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). A copy of the FS is available on SEDAR at www.sedar.com.

Scientific and technical information in this MD&A about the Lithium Nevada Project has been approved by Dennis Bryan, a qualified person for purposes of NI 43-101. For further description of scientific and technical information about the Lithium Nevada project, please refer to technical reports filed on SEDAR (www.sedar.com).

All Mineral Reserves and Mineral Resources have been calculated in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") and NI 43-101, or the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves equivalent. All Mineral Resources are reported exclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Information on data verification performed on the mineral properties mentioned in this MD&A that are considered to be material mineral properties to the Company are contained in LAC's Annual Information Form for the year ended September 30, 2015 and the current technical report for those properties, all available at www.sedar.com.

Cautionary Note to United States investors concerning estimates of measured, indicated and inferred resources: The Mineral Resource and Mineral Reserve estimates contained in this MD&A have been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of United States securities laws and uses terms that are not recognized by the United States Securities and Exchange Commission ("SEC"). The terms "Mineral Reserve", "Proven Mineral Reserve" and "Probable Mineral Reserve" are Canadian mining terms as defined in accordance with the CIM -Definition Standards adopted by CIM Council on May 10, 2014 (the "CIM Definition Standards") which were incorporated by reference in NI 43-101. These definitions differ from the definitions in SEC Industry Guide 7 ("SEC Industry Guide 7") under United States securities laws. Under SEC Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report reserves or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

CAUTIONARY NOTE REGARDING RESERVES AND RESOURCES (continued)

In addition, the terms "Mineral Resource", "Measured Mineral Resource", "Indicated Mineral Resource" and "Inferred Mineral Resource" are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. United States investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. A significant amount of exploration must be completed in order to determine whether an Inferred Mineral Resource may be upgraded to a higher category. Under Canadian regulations, estimates of Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. United States investors are cautioned not to assume that all or any part of an Inferred Mineral Resource exists or is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations if such disclosure includes the grade or quality and the quantity for each category of Mineral Resource and Mineral Reserve; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in place tonnage and grade without reference to unit measures. Accordingly, information contained in this MD&A containing descriptions of the Company's mineral deposits may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.