LithiumAmericas

LITHIUM AMERICAS CORP.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2017

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

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

	June 30, 2017 $	December 31, 2016 $
CURRENT ASSETS		
Cash and cash equivalents	49,162	8,056
Escrow deposit (Note 4)	833	833
Receivables, prepaids and deposits	2,252	979
Inventories	868	531
	53,115	10,399
NON-CURRENT ASSETS		
Restricted cash	150	150
Exploration and evaluation assets	1,457	1,447
Escrow deposit (Note 4)	833	1,667
Loan to Joint Venture (Note 4)	5,079	-
Investment in Joint Venture (Note 4)	7,507	13,136
Property, plant and equipment (Note 5)	17,876	18,502
	32,902	34,902
TOTAL ASSETS	86,017	45,301
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	2,019	1,637
Current portion of long-term borrowing	128	125
Obligation under finance leases	45	44
	2,192	1,806
LONG-TERM LIABILITIES		
Long-term borrowing	768	833
Obligation under finance leases	46	69
Decommissioning provision	179	170
	993	1,072
TOTAL LIABILITIES	3,185	2,878
SHAREHOLDERS' EQUITY		
Share capital	160,964	108,670
Contributed surplus	13,252	11,948
Accumulated other comprehensive loss	(627)	(2,124)
Deficit	(90,757)	(76,071)
TOTAL SHAREHOLDERS' EQUITY	82,832	42,423
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	86,017	45,301

Change in year-end (Note 2)

Approved for issuance on August 11, 2017

On behalf of the Board of Directors:

"Gary Cohn" Director *"George Ireland"* Director

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

LITHIUM AMERICAS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in thousands of US dollars, except per share amounts, shares in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	**2017**	2016
	$	$	**$**	$
ORGANOCLAY SALES	**1,612**	168	**2,779**	168
COST OF SALES				
Production costs	**(1,593)**	(417)	**(2,879)**	(417)
Depreciation	**(222)**	(60)	**(546)**	(60)
Total cost of sales	**(1,815)**	(477)	**(3,425)**	(477)
GROSS LOSS	**(203)**	(309)	**(646)**	(309)
EXPENSES				
Exploration expenditures (Note 10)	**(829)**	(284)	**(1,392)**	(1,053)
Organoclay research and development	**(91)**	(104)	**(208)**	(230)
Other expenses	**-**		**(369)**	-
General and administrative (Note 8)	**(1,211)**	(1,289)	**(2,572)**	(2,750)
Share of loss in Joint Venture (Note 4)	**(3,482)**	(28)	**(5,228)**	(141)
Stock-based compensation (Note 6)	**(2,356)**	(1,571)	**(2,590)**	(1,845)
	(7,969)	(3,276)	**(12,359)**	(6,019)
OTHER ITEMS				
Foreign exchange loss	**(1,672)**	(10)	**(1,810)**	(32)
Convertible security accretion	**-**	(140)	**-**	(323)
Loss on sale of 50% interest in Minera Exar	**-**	(31)	**-**	(8,936)
Other income	**118**	-	**129**	487
	(1,554)	(181)	**(1,681)**	(8,804)
NET LOSS FOR THE PERIOD	**(9,726)**	(3,766)	**(14,686)**	(15,132)
OTHER COMPREHENSIVE INCOME/(LOSS) ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO NET LOSS				
Reclassification of cumulative translation adjustment on sale of 50% interest in Minera Exar	**-**	-	**-**	15,093
Unrealized gain/(loss) on translation to reporting currency	**1,239**	(469)	**1,497**	(3,994)
	1,239	(469)	**1,497**	11,099
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(8,487)**	(4,235)	**(13,189)**	(4,033)
LOSS PER SHARE - BASIC AND DILUTED	**(0.03)**	(0.01)	**(0.05)**	(0.05)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	**333,847**	295,788	**322,714**	285,430

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

LITHIUM AMERICAS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited – Prepared by Management)
(Expressed in thousands of US dollars and shares in thousands)

	Share capital					
	Number of Shares	**Amount $**	**Contributed surplus $**	**Accumulated other comprehensive loss $**	**Deficit $**	**Shareholders' equity $**
Authorized share capital:						
Unlimited common shares without par value						
Balance, December 31, 2016	301,866	108,670	11,948	(2,124)	(76,071)	42,423
Shares issued on exercise of stock options (Note 6)	1,957	859	(416)	-	-	443
Shares issued on exercise of warrants (Note 6)	5,591	3,752	(124)	-	-	3,628
Shares issued on conversion of restricted shares (Note 6)	1,484	964	(947)	-	-	17
Deferred directors fees (Note 6)	-	-	201	-	-	201
Shares issued for equity financing (Note 6)	75,000	47,460	-	-	-	47,460
Share issuance costs (Note 6)	-	(741)	-	-	-	(741)
Stock-based compensation	-	-	2,590	-	-	2,590
Net loss	-	-	-	-	(14,686)	(14,686)
Other comprehensive income	-	-	-	1,497	-	1,497
Balance, June 30, 2017	385,898	160,964	13,252	(627)	(90,757)	82,832
Balance, December 31, 2015	289,996	104,069	11,203	(12,048)	(51,619)	51,605
Shares issued for convertible security	1,978	541	-	-	-	541
Shares issued on exercise of stock options	3,990	1,251	(653)	-	-	598
Shares issued on exercise of warrants	1,715	1,057	(99)	-	-	958
Shares issued on conversion of restricted shares	1,813	701	(627)	-	-	74
Stock-based compensation	-	-	1,845	-	-	1,845
Net loss	-	-	-	-	(15,132)	(15,132)
Other comprehensive income	-	-	-	11,100	-	11,100
Balance, June 30, 2016	299,492	107,619	11,669	(948)	(66,751)	51,589

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

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

	For the six months ended June 30, 2017 $	2016 $
OPERATING ACTIVITIES		
Net loss for the period	(14,686)	(15,132)
Items not affecting cash:		
Stock-based compensation	2,590	1,845
Depreciation	621	305
Foreign exchange loss	1,810	32
Share of loss in Joint Venture (Note 4)	5,228	141
Convertible security accretion	-	323
Loss on sale of 50% interest in Minera Exar	-	8,369
Inventories write down	32	-
Other losses/(income)	370	(463)
Changes in non-cash working capital items:		
(Increase)/decrease in receivables, prepaids and deposits	(1,353)	40
Increase in inventories	(113)	(388)
Increase/(decrease) in accounts payable and accrued liabilities	123	(661)
Net cash used in operating activities	(5,378)	(5,589)
INVESTING ACTIVITIES		
Loan to Joint Venture (Note 4)	(5,000)	-
Additions to exploration and evaluation assets	(50)	(222)
Cash received from Joint Venture	-	14,754
Escrow deposit (Note 4)	833	(2,500)
Cash acquired from plan of arrangement	-	(93)
Additions to property, plant and equipment (Note 5 and 12)	(329)	(231)
Net cash (used in)/provided by investing activities	(4,546)	11,708
FINANCING ACTIVITIES		
Proceeds from stock options exercises	442	598
Proceeds from warrants exercises	3,628	958
Net proceeds from financings (Note 6)	46,950	3,497
Repayment of convertible security funding	-	(1,653)
Finance lease repayments	(22)	(20)
Repayment of long-term borrowing	(62)	(58)
Net cash provided by financing activities	50,936	3,322
EFFECT OF FOREIGN EXCHANGE ON CASH	94	150
CHANGE IN CASH AND CASH EQUIVALENTS	41,106	9,591
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	8,056	2,646
CASH AND CASH EQUIVALENTS - END OF PERIOD	49,162	12,237

Supplemental disclosure with respect to cash flows (Note 12)

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

1. NATURE OF OPERATIONS

Lithium Americas Corp. ("Lithium Americas" or the "Company") is a Canadian based resource company focused on advancing two significant lithium 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, and on the manufacturing and sales of organoclay products.

The Company's organoclay plant located in Fernley, Nevada, USA manufactures specialty organoclay products, derived from clays, for sale to the oil and gas and other sectors.

The Company's head office and principal address is Suite 1100-355 Burrard Street, Vancouver, British Columbia, Canada, V6C 2G8. Effective August 11, 2017 the Company's registered and records office is 2200-885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8.

To date, the Company has not generated significant revenues from operations and has relied on equity and other financings to fund operations. The underlying values of exploration and evaluation assets and investment in joint venture are 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 to attain future profitable operations.

2. BASIS OF PREPARATION AND PRESENTATION

The Company changed its fiscal year end from September 30 to December 31, effective 2016. The Company changed its year end in order to align it with the Joint Venture for reporting and planning purposes as well as to bring its financial reporting timetable in line with the other companies in the industry.

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 International Accounting Standard ("IAS") 34, Interim Financial Reporting. The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the fifteen months ended December 31, 2016, 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. The Company has used the same accounting policies and methods of computation as in the annual consolidated financial statements for the fifteen months ended December 31, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

Recent Accounting Pronouncements

Accounting standards and amendments issued but not yet adopted

IFRS 9, Financial Instruments ("IFRS 9"), addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Accounting standards and amendments issued but not yet adopted *(continued)*

IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("OCI") and fair value through profit and loss ("FVTPL"). There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated as FVTPL. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company is assessing the impact of IFRS 9.

IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 was issued in May 2014 by the IASB. Under IFRS 15, revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, Revenue, and IAS 11, Construction Contracts, and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. While the Company is continuing to assess the impact of IFRS 15, the Company does not anticipate any significant changes in the gross amounts of revenue recognized or in the timing of revenue recognition under the new standard.

IFRS 16, Leases ("IFRS 16"), was issued in January 2016 by the IASB. According to the new standard, all leases will be on the statement of financial position of lessees, except those that meet the limited exception criteria. The standard is effective for annual periods beginning on or after January 1, 2019. The Company has yet to assess the full impact of IFRS 16.

Critical Accounting Estimates and Judgements

The preparation of these condensed consolidated interim financial statements in conformity with IFRS requires judgments, estimates, and assumptions that affect the amounts reported. Those estimates and assumptions concerning the future may differ from actual results. 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 condensed consolidated interim 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 fifteen months ended December 31, 2016.

4. INVESTMENT IN JOINT VENTURE

On March 28, 2016, the Company entered into an agreement with SQM to form a 50/50 Joint Venture on the Cauchari-Olaroz project in Jujuy, Argentina.

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

4. INVESTMENT IN JOINT VENTURE (continued)

The Joint Venture is governed by a Shareholders Agreement which provides for (i) equal representation by the Company and SQM on its Management Committee, (ii) unanimous approval by the Company and SQM on budgets and timing of expenditures, (iii) the right to purchase a 50% share of production and (iv) buyout and termination provisions in the event that SQM chooses not to proceed with the project.

In May 2016, 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 was received in April 2017, $833 will be released on March 28, 2018, and $833 will be released 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:

Initial contribution to Joint Venture – March 28,2016	$
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	(3,987)
Translation adjustment	(1,153)
Investment in Joint Venture – December 31, 2016	**13,136**
Share of loss of Joint Venture - for the six months ended June 30, 2017	(5,228)
Translation adjustment – for the six months ended June 30, 2017	(401)
Investment in Joint Venture – June 30, 2017	**7,507**

In the period ended June 30, 2017, the Company entered into a loan agreement and advanced $5,000 to Minera Exar. The rate of interest on the principal amount is 12-month LIBOR plus 3% and calculated on the basis of a 360-day year. The interest is accrued on a non–compounding basis. The maturity date of the loan is two years following the drawdown date. The loan will be used by Minera Exar for mining exploration or mining construction and development purposes.

5. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment and machinery	Organoclay plant	Other	Total
	$	$	$	$	$	$
Cost						
As at September 30,2015	371	1,957	5,068	11,149	356	18,901
Additions	15	184	88	346	70	703
Disposition	-	-	-	-	(29)	(29)
Contribution to Joint Venture	-	-	-	-	(12)	(12)
Foreign exchange	-	-	-	-	(3)	(3)
As at December 31, 2016	386	2,141	5,156	11,495	382	19,560
Additions	-	2	199	-	83	284
Write downs	-	-	(399)	-	-	(399)
As at June 30, 2017	386	2,143	4,956	11,495	465	19,445

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	Buildings	Equipment and machinery	Organoclay plant	Other	Total
	$	$	$	$	$	$
Accumulated depreciation						
As at September 30, 2015	-	-	112	-	76	188
Depreciation for the year	-	76	335	431	52	894
Disposition	-	-	-	-	(20)	(20)
Contribution to joint venture	-	-	-	-	(4)	(4)
As at December 31, 2016	-	76	447	431	104	1,058
Depreciation for the period	-	54	174	287	26	541
Write downs	-	-	(30)	-	-	(30)
As at June 30, 2017	-	130	591	718	130	1,569

	Land	Buildings	Equipment and machinery	Organoclay plant	Other	Total
	$	$	$	$	$	$
Net book value						
As at December 31, 2016	386	2,065	4,709	11,064	278	18,502
As at June 30, 2017	386	2,013	4,365	10,777	335	17,876

6. ISSUED CAPITAL, EQUITY COMPENSATION, AND WARRANTS

Ganfeng Investment Agreement

During the six months ended June 30, 2017, the Company completed the closing of the investment agreement (the "Ganfeng Investment Agreement") with GFL International Co., Ltd. ("Ganfeng") for funding to advance the construction of the Cauchari-Olaroz lithium project in Jujuy, Argentina.

Pursuant to the Investment Agreement:

- The Company issued to Ganfeng 75,000 common shares at a price of CDN$0.85 per share, for an aggregate cash subscription of CDN$63,750 ($47,460). The Company incurred related financing costs of $741.
- Ganfeng will provide to Lithium Americas a US$125,000 project debt facility to be used to fund a portion of Lithium Americas' share of Cauchari-Olaroz construction costs. The project debt facility has a term of six years, with an interest rate of 8.0% for the first three years that increases to 8.5% in year four, 9.0% in year five and 9.5% in year six;
- Ganfeng and the Company have agreed to terms for an offtake entitlement in favour of Ganfeng for the purchase of up to 80% of Lithium Americas' share of Cauchari-Olaroz Stage 1 lithium carbonate production at market prices;
- Ganfeng is entitled to one nominee on Lithium Americas' board of directors and anti-dilution protection to maintain its proportionate interest in Lithium Americas for a two-year term.

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

Bangchak Investment Agreement

On January 19, 2017, the Company signed an investment agreement (the "Bangchak Investment Agreement") with The Bangchak Petroleum Public Company Limited ("Bangchak") through its wholly-owned subsidiary, BCP Innovation Pte Ltd ("BCPI") for funding to advance the construction of the Cauchari-Olaroz lithium project in Jujuy, Argentina.

Pursuant to the Investment Agreement:

- Subsequent to June 30, 2017, the Company issued to BCPI 50,000 common shares at price of CDN$0.85 per common share for an aggregate cash subscription of CDN$42,500 ($33,539).
- BCPI will provide to Lithium Americas a US$80,000 project debt facility to be used to fund a portion of Lithium Americas' share of Cauchari-Olaroz construction costs. The project debt facility has a term of six years, with an interest rate of 8.0% for the first three years that increases to 8.5% in year four, 9.0% in year five and 9.5% in year six;
- BCPI and the Company have agreed to terms for an offtake entitlement in favour of BCPI for the purchase of up to 15% of Lithium Americas' share of Cauchari-Olaroz Stage 1 lithium carbonate production at market prices;
- BCPI is entitled to one nominee on Lithium Americas' board of directors and anti-dilution protection to maintain its proportionate interest in Lithium Americas for a two-year term.

The Company completed the closing of the Bangchak Investment Agreement subsequent to June 30, 2017 and provided corporate guarantees, to both lenders, Bangchak and Ganfeng, in connection with the debt facility.

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 ("RSs") that convert automatically into common shares upon vesting; and (3) for eligible directors, awarded deferred share units ("DSUs") which the directors are entitled to redeem for common shares upon retirement or termination from the Board. Under the Plan, common shares reserved for issuance of Stock Options, RSs and DSUs shall not exceed 10% of the outstanding shares from time to time. 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 six months ended June 30, 2017, the Company granted approximately 3,725 RSs to its directors, executive officers, and employees. The total estimated fair value of the RSs was $2,590 based on the market value of the Company's shares on the grant date. The fair value of RS is being recorded as a share-based payments expense and charged to operating expenses over the vesting periods.

During the six months ended June 30, 2017, the fair value of RSs of $1,588 was recorded as a share-based payments expense and charged to operating expenses.

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

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

Equity Incentive Plan (continued)

A summary of changes to restricted shares is as follows:

	Number of RSs *(in 000's)*	FMV Price per share, *(CDN$)*
Balance, RSs September 30, 2015	-	-
Granted	3,247	0.47
Granted	350	0.75
Granted	100	0.73
Granted	350	0.96
Granted	320	0.74
Converted into common shares	(1,613)	(0.47)
Converted into common shares	(200)	(0.75)
Converted into common shares	(100)	(0.73)
Balance, RSs December 31, 2016	2,454	0.56
Granted	2,825	0.91
Granted	900	1.00
Converted into common shares	(814)	(0.91)
Converted into common shares	(150)	(0.75)
Converted into common shares	(320)	(0.76)
Converted into common shares	(200)	(0.96)
Balance, RSs June 30, 2017	4,695	0.81

Deferred Share Units

During the six-month period ended June 30, 2017, the Company awarded 297 DSU's in connection with fees payable to independent directors of the Company from April 1, 2016 to March 31, 2017.

As at June 30, 2017, the Company had 343 DSUs outstanding.

Stock Options

On April 4, 2017, the Company granted 4,175 stock options at the exercise price of CDN$0.98 per option to its directors, executive officers, and employees. The expiry date of the stock options is April 4, 2022. The fair value of the stock options was estimated at CDN$0.42 per option for a total of CDN$1,754 which will expense 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 0.7%, estimated volatility 73%, expected life of three years, share price on the grant date of CDN$0.91, 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, shares in thousands)

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

Equity Incentive Plan (continued)

Stock options (continued)

On April 4, 2017, the Company also granted 1,000 stock options at the exercise price of CDN$0.98 per option to two of its executive officers. The expiry date of the stock options is April 4, 2022. The fair value of the stock options was estimated at CDN$0.42 per option for a total of CDN$420. 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 73%, expected life of three years, share price on the grant date of CDN$0.91, and expected dividend yield of 0%. Annualized volatility was determined solely based on historical volatility. 500 of the options granted on April 4, 2017 are subject to an 18-months vesting period starting on the closing of Ganfeng and Bangchak Investment Agreements. The remaining 500 of these options are subject to an 18-months vesting period starting on the first draw down of debt from Ganfeng and Bangchak Investment Agreements.

On May 16, 2017, the Company granted 500 stock options at the exercise price of CDN$1.00 per option to its director and officer. The expiry date of the stock options is May 16, 2022. The fair value of the stock options was estimated at CDN$0.47 per option for a total of CDN$235 and will be 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 0.7%, estimated volatility 72%, expected life of three years, share price on the grant date of CDN$1.00, and expected dividend yield of 0%. Annualized volatility was determined solely based on historical volatility.

Stock options outstanding and exercisable as at June 30, 2017, are as follows:

Number of Options Outstanding (in 000's)	Number of Options Exercisable (in 000's)	Exercise Price CDN$	Expiry Date
450	450	0.16	August 30, 2017
775	775	0.27	October 21, 2018
10	10	0.80	April 1, 2019
1,105	1,105	0.38	April 18, 2019
275	275	0.49	July 16, 2019
3,708	3,708	0.29	July 16, 2019
950	950	0.69	August 15, 2019
533	533	0.34	February 12, 2020
1,462	1,462	0.30	October 5, 2020
4,175	3,131	0.47	March 30, 2021
500	375	0.75	May 1, 2021
500	250	0.96	August 11, 2021
260	130	0.91	August 30, 2021
4,175	1,044	0.98	April 4, 2022
1,000	-	0.98	April 4, 2022
500	125	1.00	May 16, 2022
20,378	14,323		

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

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

Equity Incentive Plan (continued)

Stock Options

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, 2015	17,331	0.43
Expired	(1,450)	(1.23)
Forfeited	(116)	(0.45)
Exercised	(8,011)	(0.35)
Granted	9,365	0.46
Balance, outstanding December 31, 2016	17,119	0.43
Forfeited	(88)	(0.37)
Exercised	(2,328)	(0.40)
Granted	5,675	0.98
Balance, outstanding June 30, 2017	20,378	0.58

During the period ended June 30, 2017, 828 options were exercised under the cashless exercise provision of the Company's stock option plan, resulting in the issuance of 457 shares of the Company.

Stock-based compensation expense related to stock options of $1,002 (six months ended June 30, 2016 - $1,845) was charged to operations and credited to contributed surplus to reflect the fair value of stock options vested during the period ended June 30, 2017. At June 30, 2017, $712 of the fair value of stock options previously granted but not yet vested remains to be expensed in fiscal 2017, $392 in fiscal 2018, and $10 in fiscal 2019. The weighted-average share price on the date of the stock options exercised was CDN$0.98.

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, 2015	17,777	0.81	
Exercised	(371)	0.58	May 16, 2016
Exercised	(1,344)	0.75	May 16, 2016
Exercised	(215)	0.90	June 9, 2017
Exercised	(25)	0.70	June 9, 2017
Exercised	(79)	0.48	August 28, 2016
Expired	(6,409)	(0.75)	May 16, 2016
Balance, December 31, 2016	9,334	0.87	

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

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

Warrants (continued)

Balance, December 31, 2016	9,334	0.87	
Exercised	(716)	0.70	June 9, 2017
Exercised	(4,593)	0.90	June 9, 2017
Exercised	(282)	0.85	May 19, 2018
Expired	(899)	0.90	June 9, 2017
Balance, June 30, 2017	2,844	0.85	

7. RELATED PARTY TRANSACTIONS

The Company pays its non-executive directors 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 pays $1 per meeting in cash for Board meetings in excess of six meetings per year. The fees will be settled through a combination of cash and the issuance of the DSUs with each board member obligated to receive a minimum of 50% and a maximum of 100% of all such compensation in DSUs.

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

	For the six month ended June 30,	
	2017	2016
	$	$
Stock-based compensation	585	389
Bonuses – stock-based compensation	916	896
Salaries, benefits and directors fees included in general and administrative expenses	843	1,058
Salaries and benefits included in exploration expenditures	233	182
	2,577	2,525

	As at June 30,	As at December 31,
	2017	2016
	$	$
Total due to directors and executive team	167	411

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.

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

8. GENERAL AND ADMINISTRATIVE EXPENSES

The following table summarizes the Company's general and administrative expenses during the periods ended June 30, 2017 and June 30, 2016:

	For the six months ended June 30,	
	2017	2016
	$	$
Investor relations	17	130
Marketing	256	348
Office and administration	315	281
Professional fees	404	304
Regulatory and filing fees	54	44
Salaries, benefits and directors fees	1,082	1,116
Travel and conferences	428	133
Transaction costs	-	378
Depreciation	16	16
	2,572	2,750

9. COMMITMENTS

As at June 30, 2017, the Company had the following commitments that have not been disclosed elsewhere in these condensed consolidated interim 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	199	315	-	**514**

10. EXPLORATION EXPENDITURES

The following tables summarize the Company's exploration expenditures during the periods ended June 30, 2017 and 2016:

	For the six months ended June 30, 2017		
	Lithium Nevada	Cauchari-Olaroz[1]	Total
	$	$	$
Drilling	33	-	33
Engineering	11	-	11
Environmental	67	-	67
Geological and consulting	638	428	1,066
Field supplies, other services, and taxes	116	43	159
Lithium demo plant equipment depreciation	56	-	56
Total exploration expenditures	921	471	1,392

[1]Expenditures related to the Cauchari-Olaroz project incurred directly by the Company.

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

10. EXPLORATION EXPENDITURES *(continued)*

	For the six months ended June 30, 2016		
	Lithium Nevada $	Cauchari-Olaroz[1] $	Total $
Engineering	-	34	34
Environmental	35	-	35
Geological and consulting	439	153	592
Field supplies, other services, and taxes	57	279	336
Lithium demo plant equipment depreciation	56	-	56
Total exploration expenditures	587	466	1,053

[1]Exploration expenditures prior to the formation of the Joint Venture.

11. SEGMENTED INFORMATION

The Company operates in three operating segments and four geographical segments. The Organoclay project is in the production stage and the Lithium Nevada and Cauchari-Olaroz projects are in the exploration stage.

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

	Organoclay $	Lithium Nevada $	Cauchari-Olaroz $	Corporate $	Total $
As at June 30, 2017					
Property, plant and equipment	16,834	1,013	-	29	17,876
Exploration and evaluation assets	-	1,457	-	-	1,457
Total assets	19,447	2,925	7,507	56,138	86,017
Total liabilities	(1,669)	(474)	-	(1,042)	(3,185)
For the three months ended June 30, 2017					
Capital expenditures	40	39	-	4	83
Sales	1,612	-	-	-	1,612
Net loss	596	840	3,481	4,809	9,726
Exploration expenditures	-	497	332	-	829
Organoclay research and development	91	-	-	-	91
For the six months ended June 30, 2017					
Capital expenditures	223	49	-	12	284
Sales	2,779	-	-	-	2,779
Net loss	1,685	1,484	5,228	6,289	14,686
Exploration expenditures	-	921	471	-	1,392
Organoclay research and development	208	-	-	-	208
For the three months ended June 30, 2016					
Capital expenditures	-	-	-	-	-
Net loss	645	674	28	2,419	3,766
Exploration expenditures	-	284	-	-	284
Organoclay research and development	104	-	-	-	104
For the six months ended June 30, 2016					
Capital expenditures	248	-	-	-	248
Net loss	980	1,100	795	12,257	15,132
Exploration expenditures	-	587	466	-	1,053
Organoclay research and development	230	-	-	-	230

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

11. SEGMENTED INFORMATION *(continued)*

	Organoclay $	Lithium Nevada $	Cauchari-Olaroz $	Corporate $	Total $
As at December 31, 2016					
Property, plant and equipment	17,450	1,033	-	19	18,502
Exploration and evaluation assets	-	1,447	-	-	1,447
Total assets	18,585	3,056	13,136	10,524	45,301
Total liabilities	(1,513)	(291)	-	(1,074)	(2,878)

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

	Canada $	United States $	Germany $	Argentina $	Total $
Non-current assets					
As at June 30, 2017	863	18,642	812	12,585	32,902
As at December 31, 2016	1,686	19,212	868	13,136	34,902
Revenue					
For the three months ended June 30, 2017	-	1,612	-	-	1,612
For the three months ended June 30, 2016	-	168	-	-	168
Revenue					
For the six months ended June 30, 2017	-	2,779	-	-	2,779
For the six months ended June 30, 2016	-	168	-	-	168

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

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

	For the six months ended June 30, 2017 $	2016 $
Accounts payable related to property, plant and equipment	7	-
Accounts payable related to inventories	270	25
Accounts payable related to financings	232	263
RSs granted in lieu of deferred salaries	-	80
Interest/finance charges paid	27	32
Income taxes paid	-	-

13. FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value on the condensed consolidated interim 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.

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 condensed consolidated interim statement of financial position.

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 and cash equivalents, escrow deposit, and receivables. The Company's maximum exposure to credit risk for cash and cash equivalents, and escrow deposit is the amount disclosed in the condensed consolidated interim 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 $1,339. Management's assessment of recoverability involves judgments regarding the probable outcomes of claimed deductions and/or disputes. The provisions 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 and 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.

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

13. FINANCIAL INSTRUMENTS (continued)

Liquidity Risk *(continued)*

As at June 30, 2017, the Company had a cash and cash equivalents balance of $49,162 (December 31, 2016 - $8,056) to settle current liabilities of $2,192 (December 31, 2016 - $1,806).

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

	Years ending December 31,			
	2017	2018	2019 and later	Total
	$	$	$	$
Accounts payable and accrued liabilities	2,192	-	-	2,192
Long-term borrowing[1]	86	172	790	1,048
Obligation under finance leases[1]	24	48	24	96
Total	2,302	220	814	3,336

[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's operations in foreign countries are subject to currency fluctuations and such fluctuations may affect the Company's financial results. The Company reports its financial results in United States dollars and 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. As at June 30, 2017, $42,651 of the Company's $49,162 in cash and cash equivalents was held in US$.

14. SUBSEQUENT EVENT

Subsequent to June 30, 2017, the Company issued to BCPI 50,000 common shares at a price of CDN$0.85 per common share for an aggregate cash subscription of CDN$42,500 ($33,539). See Note 6.

LITHIUM AMERICAS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED JUNE 30, 2017

Background

This Management's Discussion and Analysis ("MD&A"), prepared as of August 11, 2017, should be read in conjunction with the condensed consolidated interim financial statements ("financial statements") and the notes thereto of Lithium Americas Corp. ("Lithium Americas", the "Company", or "LAC") for the six months ended June 30, 2017, and the audited consolidated financial statements and notes thereto of Lithium Americas for the fifteen months ended December 31, 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Refer to Notes 2 and 3 of the audited consolidated financial statements for the fifteen months ended December 31, 2016, for disclosure of the Company's significant accounting policies. All amounts are expressed in United States dollars, unless otherwise stated. This MD&A contains "forward looking statements" and readers should read the cautionary note contained in the section entitled "Forward Looking Statements" contained in this MD&A regarding such forward looking statements.

Significant Updates on Company's Projects from the Start of Fiscal Year

Cauchari-Olaroz:

- Cauchari-Olaroz project remains on schedule to begin production in 2019.
- Pond construction is now targeted to begin in H2 2017, subject to receipt of the necessary approvals, with detailed engineering, camp construction, hydrological testing and production well drilling underway.
- Minera Exar (as defined below) now has approximately 130 employees in Argentina (72 at December 31, 2016) with a 400 person expansion of the work camp underway. Direct employment during the two-year construction period is expected to total approximately 1,000 people.
- An update to the 2012 Environmental Impact Study is expected to be completed in H2 2017 to amend the permits and reflect changes in development plan. In March 2017, the Province of Jujuy reaffirmed Minera Exar's ability to begin construction under the 2012 EIS.
- On May 11, 2017, a National Instrument 43-101 ("NI 43-101") technical report that summarizes the Stage 1 DFS (as defined below) was filed on SEDAR (http://www.sedar.com). The expected capital expenditures for the construction of Stage 1 of Cauchari-Olaroz project, are approximately $212.5 million for the Company`s contribution to the Joint Venture before VAT taxes and working capital.
- On June 29, 2017, senior executives from Minera Exar, Lithium Americas and SQM (as defined below) attended a meeting in Buenos Aires with government officials from Argentina, including the President of Argentina, Mauricio Macri, and the Governor of the Province of Jujuy, Gerardo Morales. All parties reaffirmed their commitment to support the development of Cauchari-Olaroz project.

Lithium Nevada:

- Continued to assemble development team for Lithium Nevada including the recent hires of geologists and experienced lithium process engineers.
- Continued to advance permitting, exploration and process engineering on the project.

RheoMinerals:

- RheoMinerals (as defined below) is experiencing a significant increase in oil field business since the start of commercial operations at Fernley plant in Nevada in April 2016. The sales for the H1 2017 reached $2.8 million (H1 2016 - $0.2 million) and $1.6 million for Q2 2017 (Q2 2016 - $0.2 million).
- RheoMinerals continues the development of environmental and other products.

Corporate:

- On May 10, 2017, Gabriel Rubacha was appointed President of South American Operations. Mr. Rubacha is a director of Lithium Americas and was previously the Commercial Director of Techint Engineering and Construction S.A.
- On June 7, 2017, Wang Xiaoshen and Jonathan Evans were appointed to Lithium Americas' Board of Directors. Mr. Wang is currently Vice Chairman and Executive Vice President of Ganfeng Lithium. Mr. Evans has more than 20 years of operations and general management experience and was previously Vice President and GM for the Lithium Division at FMC Corporation.
- On June 7, 2017, the Company announced the closing of the investment agreement with Ganfeng Lithium (as defined below). Pursuant to the investment agreement, Ganfeng Lithium agreed to provide Lithium Americas with an aggregate of approximately $172 million in equity and debt financing.
- On June 28, 2017, Mr. Gary Cohn was appointed to Lithium Americas' Board of Directors. Mr. Cohn was previously with Magna International Inc. overseeing mergers and acquisitions.
- In July 2017, the Company closed the investment agreement with Bangchak Petroleum Public Company Limited ("Bangchak"). Pursuant to the Investment Agreement, Bangchak has agreed to provide Lithium Americas with an aggregate of $113 million in equity and debt financing primarily to fund a portion of the Company's share of construction costs for the Cauchari-Olaroz lithium project. The parties also executed an investor rights agreement in which a nominee of Bangchak is entitled to be appointed to the Board of Directors.
- On July 17, 2017 the Company has appointed Chaiwat Kovavisarach, the CEO of Bangchak, to the Board of Directors.
- Following the closing of the Ganfeng Lithium and Bangchak investment agreements the Company has $205 million in undrawn debt facilities.
- As at June 30, 2017, the Company had $49.2 million in cash and cash equivalents. Subsequent to June 30, 2017, the Company received approximately $33.5 million from the completion of equity investment from Bangchak.

Company Overview

Lithium Americas is a Canadian-based resource company focused on the advancement of two significant lithium 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, and on the manufacturing and sales of organoclay products from its plant located in Fernley, Nevada.

On March 28, 2016, the Company entered into an agreement with SQM POTASIO S.A., a subsidiary of Sociedad Quimica y Minera de Chile S.A. ("SQM") to form a 50/50 joint venture (the "Joint Venture") on the Cauchari-Olaroz project. The Company's former wholly-owned subsidiary Minera Exar S.A. ("Minera Exar") was used for formation of the Joint Venture. The Cauchari-Olaroz project is a lithium brine project.

The Lithium Nevada project is a clay-based lithium project and has been the subject of extensive exploration and processing development work. The Company has recently increased its technical team and is currently in the process of advancing permitting and exploration, in addition to the investigation of innovative lithium extraction and processing technologies that build on previous successful piloting studies for this project.

The Company is advancing both of its lithium projects with the intention of delivering lithium products for the growing lithium ion battery sector. Lithium Americas intends for its lithium business to become significant contributor to the global lithium supply chain.

In addition, the Company's wholly-owned subsidiary RheoMinerals Inc. ("RheoMinerals") operates an organoclay plant located in Fernley, Nevada, USA and manufactures specialty organoclay products, derived from clays. RheoMinerals' products are used by the oil and gas industry as specialty viscosifier additives for drilling fluids and in other sectors.

The Company's head office is located at Suite 1100-355 Burrard Street, Vancouver, BC, Canada, V6C 2G8. The Company trades in Canada on the Toronto Stock Exchange under the symbol "LAC" and in the US on OTCQX under the symbol "LACDF". The Company operates in the United States through its wholly owned subsidiaries, Lithium Nevada Corp. (formerly Western Lithium Corp.) and RheoMinerals Inc. (formerly Hectatone Inc.) and in Argentina through the Joint Venture. Additional information relating to the Company, including the Company's annual information form, is available on SEDAR at www.sedar.com.

Description of Business

<u>Cauchari-Olaroz Project, Jujuy Province, Argentina</u>

The Joint Venture with SQM began to advance the Cauchari-Olaroz project immediately after the closing of the transaction on March 28, 2016, and the operating team is continuing to progress 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 when the project is approved for the construction phase.

The Joint Venture is governed by a Shareholders Agreement which provides for (i) equal representation by the Company and SQM on its Management Committee, (ii) unanimous approval by the Company and SQM on budgets and timing of expenditures, (iii) the right to purchase a 50% share of the production and (iv) buyout and termination provisions in the event that SQM chooses not to proceed with the project.

Updated Feasibility Study

On March 29, 2017 the Company announced results of a Definitive Feasibility Study (the "Stage 1 DFS") on the first stage of the Cauchari-Olaroz project.

Unless otherwise stated, all figures are quoted in U.S. dollars ("$") and are reported on a 100% equity project basis.

Highlights of the Stage 1 DFS:

- Average annual production of 25,000 tonnes of battery-grade lithium carbonate over a 40-year project life
- Estimated construction capital cost of $425 million, before working capital and value-added taxes ("VAT")
- Average operating costs of $2,495/t of battery-grade lithium carbonate produced
- Average annual EBITDA of $233 million, after-tax NPV of $803 million (at a 10% discount rate) and after-tax IRR of 28.4% assuming a price of $12,000/t of battery-grade lithium carbonate sold
- Creation of at least 260 permanent jobs during the 40 years of operations and employment of at least 800 people during the 2-year construction period
- Government confirmation of all necessary permits to commence construction and operate

The Joint Venture is pursuing a development plan at the Cauchari-Olaroz project for production capacity of 50,000 tonnes per annum ("tpa") of battery-grade lithium carbonate ("Li2CO3") in two stages, with each stage consisting of 25,000 tpa of Li2CO3. The Stage 1 DFS covers the first stage ("Stage 1") and the plant for Stage 1 has been engineered to integrate production from the second stage ("Stage 2"). No estimated financial results or reserve estimate associated with Stage 2 are included in the Stage 1 DFS. The results of the Stage 1 DFS are provided below:

Cauchari-Olaroz Stage 1 DFS Results

	Stage 1 DFS
Lithium carbonate price	$12,000/t Li2CO3
Average annual production	25,000 tpa Li2CO3
Expected project life	40 years
Project capital costs	$425 million
Operating costs	$2,495/t Li2CO3
Average annual EBITDA	$233 million
Pre-tax NPV 10% discount	$1,266 million
After-tax NPV 10% discount	$803 million
Pre-tax IRR	34.0%
After-tax IRR	28.4%
Payback period	3 years, 5 months

The Company has recently filed a NI 43-101 technical report that summarizes the Stage 1 DFS on SEDAR (http://www.sedar.com) and on the Company's website (http://www.lithiumamericas.com).

Project Financing

The Company has recently closed two financings with GFL International Co., Ltd., a wholly-owned subsidiary of Jiangxi Ganfeng Lithium Co., Ltd. ("Ganfeng Lithium") and with BCP Innovation Pte Ltd., a wholly-owned subsidiary of Bangchak Corporation Public Company Ltd. ("Bangchak"). Together, Lithium Americas has raised approximately $285 million in debt and equity, providing it with a strong financial position to fund the remaining share of Cauchari-Olaroz' capital costs alongside joint venture partner, SQM.

Political and Economic Changes in Argentina

The Argentine economy underwent significant positive changes in late 2015 and early 2016 as a result 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.

Lithium Nevada Project, Nevada, USA

The Company is advancing its lithium project to extract lithium from its clay at Lithium Nevada project. During the fifteen months ended December 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 engineering work will be required in order to optimize the process for commercial scale lithium hydroxide monohydrate production. In addition, the Company has become aware of recent technological advancements in lithium processing methods, and believes these innovative and sustainable technologies warrant further review for potential incorporation into the Lithium Nevada processing plant design.

In June 2016, the Company filed on Sedar an updated NI 43-101 technical report on Lithium Nevada project and reported that mineral resource estimates remained unchanged from the mineral resource estimates disclosed in the prior technical report.

The Company is in the process of determining the optimal path to advance the Lithium Nevada project. There is strong local and national support from both commercial and political bases to advance a Nevada based project and a clear and well-defined permitting process exists. Lithium Americas shares the vision of making Nevada a center of renewable energy and sustainable mining technologies. The Company is committed to advancing the Lithium Nevada project as expediently as possible, as dictated by further studies and market conditions, additional engineering work and pursuing strategic partnership opportunities to advance the project on a timely basis.

RheoMinerals Business

The organoclay plant, operated by the Company's wholly-owned subsidiary RheoMinerals, located in Fernley, Nevada, was considered to be completed and ready for intended use on April 1, 2016. Accordingly, sales and costs of sales are recorded in respect of these operations commencing April 1, 2016. Prior to April 1, 2016, sales of organoclay product amounted to $0.7 million and have been accounted for as a reduction of the capitalized costs of organoclay plant property, plant and equipment. From April 1, 2016 to December 31, 2016 the Company reported $1.2 million in organoclay sales and $2.8 million during the six months ended June 30, 2017. Most of Rheominerals sales during the six months ended June 30, 2017 were to oil and gas service sector customers.

In addition to clays for use in the oil and gas sector, RheoMinerals is a certified vendor with a Fortune 500 industrial group to sell its products internationally to the animal feed market as mycotoxin binders. RheoMinerals 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.

In fiscal year 2016, RheoMinerals entered into a Technical Assistance and Royalty Agreement (the "Agreement") with Delmon Co. Ltd., part of The Delmon Group of Companies ("Delmon") in Saudi Arabia. Delmon has business interests spanning wide market segments of products and services, and is a leading local supplier of oilfield minerals and chemicals to Saudi Aramco. Under this agreement, RheoMinerals will collaborate with Delmon in the design and construction of a manufacturing facility (the "Delmon Plant") for specialty additives used in oil based drilling fluids. The initial product offering will include organophilic bentonite and organophilic lignite products. RheoMinerals will receive $1.2 million ($0.3 million received in 2016) in progress payments upon Delmon achieving certain construction and operational milestones in addition to the reimbursements of expenses and costs of technical personnel. Under the Agreement, RheoMinerals will also receive royalties from the future Delmon Plant production. Delmon expects to commission the new facility in 2018.

Change in Fiscal Year End

The Company has changed its fiscal year end from September 30 to December 31, effective 2016. The Company changed its year end in order to align it with the Joint Venture for reporting and planning purposes as well as to bring its financial reporting timetable in line with the other companies in the industry.

Selected Financial Information

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

Summary of Selected Assets and Quarterly Results

	2017		2016*					2015
	Q2 $	Q1 $	Q5 $	Q4 $	Q3 $	Q2 $	Q1 $	Q4 $
Total assets	86,017	48,517	45,301	50,537	53,845	57,664	57,876	68,541
Exploration and evaluation assets	1,457	1,457	1,447	1,444	1,010	1,010	31,361	42,623
Investment in Joint Venture	7,507	11,649	13,136	16,074	17,673	18,163	-	-
Property, plant and equipment	17,876	18,066	18,502	18,618	18,862	19,164	18,932	18,713
Working capital	50,923	9,620	8,593	11,260	13,384	13,667	2,532	840
Organoclay sales	1,612	1,167	534	452	168	-	-	-
Organoclay sales capitalized during the development stage	-	-	-	-	156	307	99	126
Expenses	(7,969)	(4,390)	(5,308)	(3,651)	(3,276)	(2,743)	(2,707)	(1,546)
Net loss for the period	(9,726)	(4,960)	(5,598)	(3,723)	(3,766)	(11,366)	(3,272)	(2,202)
Basic loss per common share	(0.03)	(0.02)	(0.01)	(0.01)	(0.01)	(0.03)	(0.01)	(0.06)
Diluted loss per common share	(0.03)	(0.02)	(0.01)	(0.01)	(0.01)	(0.03)	(0.01)	(0.06)

Quarterly amounts added together may not equal to the total reported for the period due to rounding or reclassifications.
*2016 had five quarters due to the change in year end from September 30 to December 31 during the year.

Total Assets

The Company's total assets increased by $37,500 in Q2 2017 compared to Q1 2017 mostly due to net proceeds of $39,485 received from the investment agreement with GFL International Co., Ltd ("Ganfeng") and proceeds of $3,433 from the warrants exercises offset by decrease in investment in Joint venture due to increase in the Company's share of loss in Joint Venture.

The Company's total assets increased by $3,216 in Q1 2017 compared to Q5 2016 mostly due to net proceeds of $7,233 received from the investment agreement with Ganfeng offset by $4,390 of expenses incurred during the period.

The Company's total assets decreased in Q1 2016 compared to Q4 2015 mostly due to the decrease in exploration and evaluation assets as result of significant change in Argentinian peso/US$ exchange rate. The significant change in foreign exchange rate was due to the implementation of new economic policies by newly elected president in Argentina.

Exploration and Evaluation Assets

In Q2 2016, the decrease of $30,351 in exploration and evaluation assets was mainly due to the declining Argentinian Peso and accounting for the Joint Venture with SQM.

In Q1 2016, the significant decrease of $11,262 in exploration and evaluation assets is mostly due to the decline in the carrying amount of the Company's Cauchari-Olaroz project due to the significant foreign exchange rate fluctuation for Argentinian pesos.

In Q4 2015, the Company recorded additions of $41,665 net of $251 for foreign exchange differences for the acquisition of the Cauchari-Olaroz project.

Investment in Joint Venture

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

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

Initial contribution to Joint Venture – March 28,2016	$
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	(3,987)
Translation adjustment	(1,153)
Investment in Joint Venture – December 31, 2016	**13,136**
Share of loss of Joint Venture - for the six months ended June 30, 2017	(5,228)
Translation adjustment – for the six months ended June 30, 2017	(401)
Investment in Joint Venture – June 30, 2017	**7,507**

As at June 30, 2017 the aggregate amount of assets in the Joint Venture was $31,102, liabilities $16,088 and the loss for the six months ended June 30, 2017 was $10,456.

Property, Plant and Equipment

Most of the Company's property, plant and equipment amounts relate to the RheoMinerals organoclay plant. The plant was constructed during 2014 and considered to be completed and ready for intended use on April 1, 2016. Sales and costs of sales for the organoclay plant are recorded commencing April 1, 2016.

Working Capital

The increase in working capital of $41,303 in Q2 2017 is mostly attributable to the net proceeds of $39,485 received in connection with the Ganfeng Lithium Investment Agreement, $3,519 received from the stock options and warrants exercises offset by general and administrative expenses.

The increase in working capital of $1,027 in Q1 2017 is mostly attributable to the net proceeds of $7,233 received in connection with the Ganfeng Lithium Investment Agreement, $550 proceeds received from the stock options and warrants exercises, offset by a $5,000 loan provided to Joint Venture and general and administrative expenses. In Q1 2017, the Company reclassified $833 escrow deposit from its non-current assets to current assets. The $833 deposit released from escrow was received in April 2017.

The increase in working capital of $11,135 in Q2 2016 is mostly attributable to the $13,333 receivable from the Joint Venture, which was formed on March 28, 2016.

Organoclay Sales

The Company started to recognize organoclay sales on April 1, 2016, upon the organoclay plant achieving intended use status.

Expenses and Net Loss

The increase in the Company's expenses in Q2 2017 compared to Q1 2017 was primarily due to an increase in the Company's share of loss in Joint Venture due to increase in activities on the Cauchari-Olaroz project and to an increase in stock-based compensation expense due to new stock options and restricted share grants in Q2 2017.

The decrease in the Company's expenses in Q1 2017 compared to Q5 2016 was primarily due to a decrease in the Company's share of loss in Joint Venture and lower stock based compensation expense.

The increase in the Company's expenses in Q5 2016, compared to Q4 2016 was mostly due to increase in consulting fees, legal expenses, marketing, and wages and salaries due to an increase in corporate activities and increase in the number of employees.

The increase in the Company's expenses in Q4 2016, Q3 2016, and the quarter ended December 31, 2015, compared to other quarters was primarily due to increases in the Company's share of loss in Joint Venture, which was formed on March 28, 2016. The increase in the Company's share of loss in the Joint Venture from quarter to quarter was due to the increase of exploration activities on the Cauchari-Olaroz project.

In Q1 2016 expenses increased by $1,161 mainly due to the increase in exploration expenditures in Nevada and Argentina.

Included in Q1 2017 other losses is RheoMinerals' equipment write down of $369 and Lithium Nevada's property costs write off of $49. In Q2 2016, the Company recorded a loss of $8,979 (including $74 in related costs incurred in Q1 2016) on the sale of 50% of its equity interest in Minera Exar to SQM mainly due to $15,098 of cumulative exchange differences ("CTA") in Minera Exar. In March 2016, the Company received a favorable court judgement on the litigation between the Company and a former officer 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).

Results of Operations – Six Months Ended June 30, 2017

For the six months ended June 30, 2017, the Company reported a net loss of $14,686 compared to a net loss of $15,132 for the six months ended June 30, 2016, of which a $646 gross loss (2016 - $309) is attributed to organoclay sales, $12,359 (2016 - $6,019) is attributed to expenses, and a loss of $1,681 (2016 - $8,804) is attributed to other items discussed in the summary of the quarterly results.

Organoclay Sales and Cost of Sales

The organoclay sales revenue in the period ended June 30, 2017 was $2,779 (2016-$168) , related production costs of $2,879 (2016 - $417), and depreciation expense of $546 (2016 - $60) resulting in gross loss from organoclay sales of $646 (2016 - $309). The Company's sales increased from $534 in Q5 2016 to $1,167 in Q1 2017 and to $1,612 in Q2 2017. The Company is a new entrant in the organoclay business and is continuing to receive new sales orders for the existing products and certifications of the new products. The financial results of the organoclay business are expected to improve in the future with the anticipated higher volume of sales in 2017.

Expenses

Exploration expenditures of $1,392 (2016 – $1,053) includes expenditures incurred for the Lithium Nevada project of $921 (2016 - $587) and $471 (2016 - $466) in expenditures incurred directly by the Company related to the Cauchari-Olaroz project.

Organoclay research and development costs are consistent from period to period and include costs of operating research and development team and lab for new organoclay products development.

Loss from the Joint Venture of $5,228 (2016 - $141) represents the Company's share of the Joint Venture expenses for the Cauchari-Olaroz project. The increase in the Company's share of the Joint Venture expenses was due to the increase in activity on the Cauchari-Olaroz project.

Stock-based compensation of $2,590 (2016 - $1,845) is a non-cash expense and consists of the $1,002 estimated fair value of stock options vested during the period and the $1,588 fair market value of restricted shares. During the period ended June 30, 2017, the Company granted 5,675 stock options and 3,725 restricted shares to its directors, executive officers, and employees.

Results of Operations – Six Months Ended June 30, 2017

Included in General and Administrative expenses of $2,572 (2016 - $2,750):

- Marketing expenses of $256 (2016 - $348) include salaries, travel expenses, and other miscellaneous expenses of RheoMinerals marketing staff;
- Office expenses of $315 (2016 – $281) include Vancouver, Reno and Toronto office rent, insurance, IT, telephone and other related expenses and general office expenses;
- Professional fees of $404 (2016 - $304) consist of legal fees of $214 (2016 - $146), consulting fees of $88 (2016 - $98), public relations fees of $48 (2016 - $17), and accounting fees of $54 (2016 - $43). The increase is due to an increase in corporate activities;
- Salaries and benefits of $1,082 (2016 – $1,116) include salaries and benefits for the Company's employees.

Results of Operations – Three Months Ended June 30, 2017

For the three months ended June 30, 2017, the Company reported a loss of $9,726 compared to a loss of $3,766 for the three months ended June 30, 2016 ("2016 period"), of which a $203 loss (2016 period - $309) is attributed to organoclay sales, $7,969 (2016 period - $3,276) is attributed to expenses, and a loss of $1,554 (2016 period - $181) is attributed to other items discussed in the summary of the quarterly results.

Organoclay Sales and Cost of Sales

The organoclay sales revenue in Q2 2017 were $1,612 (2016 period - $168) , related production costs of $1,593 (2016 period - $417), depreciation expense of $222 (2016 period - $60) resulting in gross loss from organoclay sales of $203 (2016 period - $309). The Company's sales increased from $534 in Q5 2016 to $1,167 in Q1 2017, and to $1,633 in Q2 2017. The Company is a new entrant in the organoclay business and is continuing to receive new sales orders for the existing products and certifications of the new products. The financial results of the organoclay business are expected to improve in the future with the anticipated increasing volume of sales over the rest of 2017.

Expenses

Exploration expenditures of $829 (2016 period – $284) includes expenditures incurred for the Lithium Nevada project of $497 (2016 period - $284) and $332 (2016 period - $Nil) of expenditures incurred directly by the Company related to the Cauchari-Olaroz project.

Organoclay research and development costs are consistent from period to period and include costs of operating a small research team and lab for new organoclay products development.

Loss from the Joint Venture of $3,482 (2016 period - $28) represents the Company's share of the Joint Venture expenses for the Cauchari-Olaroz project.

Stock-based compensation of $2,356 (2016 period - $1,571) is a non-cash expense and consists of the $839 estimated fair value of stock options vested during the period and the $1,517 fair market value of restricted shares.

Included in General and Administrative expenses of $1,211 (2016 period - $1,289):
- Marketing expenses of $124 (2016 period - $163) include salaries, travel expenses, and other miscellaneous expenses of RheoMinerals marketing staff;
- Office expenses of $104 (2016 period – $115) include Vancouver, Reno and Toronto office rent, insurance, IT, telephone and other related expenses and general office expenses;
- Professional fees of $108 (2016 period- $147) include legal, consulting, public relations and accounting fees;
- Salaries and benefits of $584 (2016 period – $488) include salaries and benefits for the Company's employees.

Convertible security accretion in 2016 period was $140. In 2016 period, the Company repaid the remaining balance of the convertible security note.

The Company recognized in Q2 2017 a foreign exchange loss of $1,672 (2016 period - $10) due to the appreciation of CDN$ dollar compared to US$ during the period. The Company holds most of its cash in US$.

Liquidity and Capital Resources

Cash Flow Highlights	**Six months ended June 30,**	
	2017 **$**	2016 $
Cash used in operating activities	**(5,378)**	(5,589)
Cash (used in)/provided by investing activities	**(4,546)**	11,708
Cash provided by financing activities	**50,936**	3,322
Effect of foreign exchange on cash	**94**	150
Change in cash and cash equivalent	**41,106**	9,591
Cash and cash equivalents - beginning of period	**8,056**	2,646
Cash and cash equivalents - end of period	**49,162**	12,237

As at June 30, 2017, the Company had cash and cash equivalents of $49,162 and working capital of $50,923 compared to cash and cash equivalents of $8,056 and working capital of $8,593 on December 31, 2016.

On January 27, 2017, pursuant to the Ganfeng Lithium Investment Agreement, the Company issued to Ganfeng Lithium 11,250 common shares at a price of CDN$0.85 per share, for an aggregate cash subscription of CDN$9,563 ($7,297) and incurred related costs of $64. On June 7, 2017, the Company issued to Ganfeng Lithium an additional 63,750 common shares at a price of CDN$0.85 per share, for an aggregate cash subscription of CDN$54,188 ($40,163) and incurred related costs of $677.

Subsequent to Q2 2017, on July 14, 2017, pursuant to the Bangchak Investment Agreement, the Company issued to Bangchak Petroleum Public Company Limited 50,000 common shares at a price of CDN$0.85 per common share, for an aggregate cash subscription of CDN$42,500 ($33,539) and paid related financing costs of $319. Additional related financing costs of $127 were included in receivables, prepaids and deposits on June 30, 2017.

In January 2016, the Company received $3,500 from non-brokered private placement of subscription receipts and incurred related costs of $42.

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

In June 2016, the Company repaid the remaining balance of $1,653 related to convertible security.

The Company will require additional working capital to continue development of its organoclay business and for further development of its lithium projects. The timing and the amount of RheoMinerals and Lithium Nevada expenditures are within the control of the Company due to its direct and sole ownership. Pursuant to the agreements governing the Joint Venture on the Cauchari-Olaroz project, decisions regarding capital and operating budgets for the project require unanimous approval.

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 now nor does it expect in the future to engage in currency hedging to offset any risk of currency fluctuations.

Financings

Ganfeng Lithium Investment

During the six months ended June 30, 2017, the Company completed the investment agreement with Ganfeng Lithium for funding to advance the construction of the Cauchari-Olaroz lithium project.

Pursuant to the Ganfeng Lithium investment agreement:

- Ganfeng Lithium purchased by way of a private placement, 75,000 common shares at a price of CDN$0.85 per common share for gross proceeds of CDN$63,750 ($47,460);
- Ganfeng Lithium will provide to Lithium Americas a $125,000 debt facility to be used to fund a portion of Lithium Americas' share of Cauchari-Olaroz construction costs. The debt facility has a term of six years, with an interest rate of 8.0% for the first three years that increases to 8.5% in year four, 9.0% in year five and 9.5% in year six;
- Ganfeng Lithium and the Company have agreed to terms for an offtake entitlement in favour of Ganfeng Lithium for the purchase of up to 80% of Lithium Americas' share of Cauchari-Olaroz Stage 1 lithium carbonate production at market prices;
- Ganfeng Lithium is entitled to one nominee on Lithium Americas' board of directors and anti-dilution protection to maintain its proportionate interest in Lithium Americas for a two-year term.

Bangchak Investment

On January 19, 2017, the Company signed an investment agreement with Bangchak for funding to advance the construction of the Cauchari-Olaroz lithium project.

Pursuant to the Bangchak investment agreement:

- Bangchak has agreed to purchase, by way of a private placement, 50,000 common shares at a price of CDN$0.85 per common share for gross proceeds of C$42,500 ($33,539);
- Bangchak will provide to Lithium Americas a $80,000 project debt facility to be used to fund a portion of Lithium Americas' share of Cauchari-Olaroz construction costs. The project debt facility has a term of six years, with an interest rate of 8.0% for the first three years that increases to 8.5% in year four, 9.0% in year five and 9.5% in year six;
- Bangchak and the Company have agreed to terms for an offtake entitlement in favour of Bangchak for the purchase of 15% of Lithium Americas' share of Cauchari-Olaroz Stage 1 lithium carbonate production at market prices;
- Bangchak will be entitled to one nominee on Lithium Americas' board of directors and anti-dilution protection to maintain its proportionate interest in Lithium Americas for a two-year term.

The Company completed the closing of the Bangchak Investment Agreement subsequent to June 30, 2017 and provided corporate guarantees, to both lenders, Bangchak and Ganfeng, in connection with the debt facility.

Operating Activities

Net cash used in operating activities during the six month period ended June 30, 2017, was $5,378 compared to $5,589 net cash used during the six months period ended June 30, 2016. The significant components of operating activities are discussed in the Results of Operations sections.

Investing Activities

Investing activities required cash of $4,546 during the six months period ended June 30, 2017, compared to $11,708 cash provided during the six-month period ended June 30, 2016. The cash used in investing activities was for the additions to property, plant and equipment of $329 (2016 - $231) and additions to exploration and evaluation assets of $50 (2016 - $222). In Q1 2017, the Company entered into a loan agreement and advanced $5,000 to the Joint Venture. The rate of interest on the principal amount is 12-months LIBOR plus 3% and calculated on the basis of a 360-day year. The interest is accrued on a non-compounding basis. The maturity date of the loan is 2 years following the drawdown date. The loan will be used by the Joint Venture for mining exploration or mining construction and development purposes.

Financing Activities

During the six-month period ended June 30, 2017, the Company received $47,460 in connection with the Ganfeng Lithium investment agreement and incurred related costs of $741, $442 (2016 - $598) from the exercise of stock options and $3,628 (2016 - $958) from the warrants exercises. Accounts payable and accrued liabilities related to the costs incurred in connection with Ganfeng Lithium Investment Agreement were $232 on June 30, 2016.

During the six month period ended June 30, 2016, the Company received $3,500 from Bangchak subscription receipt financing and incurred $191 in related costs and repaid the remaining balance of $1,653 related to convertible security note. Accounts payable and accrued liabilities related to the Bangchak subscription receipt financing on June 30, 2016, were $262.

Current Share Data

As at the date of this report, the Company has 437,222 common shares issued and outstanding, 4,183 restricted shares, 333 deferred share units, 19,640 stock options, and 2,844 warrants outstanding.

Related Party Transactions

The Company pays its non-executive directors 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. The fees will be settled through a combination of cash and the issuance of the DSUs with each board member obligated to receive a minimum of 50% and a maximum of 100% of all such compensation in DSUs. In addition, the Company pays $1 per meeting in cash for Board meetings in excess of six meetings per year.

There were no contractual or other commitments arising from the related party transactions. The amounts due to related parties are unsecured, non-interest bearing and have no specific terms for repayment.

Contractual Obligations

As at June 30, 2017, the Company had the following contractual obligations:

	Not later than 1 year $	Later than 1 year and not later than 5 years $	Later than 5 years $	**Total** $
Rent of office spaces	199	315	-	**514**
Promissory note for RheoMinerals plant[1]	172	861	15	**1,048**
Equipment finance leases[1]	48	48	-	**96**
Total	419	1,224	15	**1,658**

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

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 initially measured in the statement of financial position at fair value.

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 December 31, 2016, audited consolidated financial statements and will only be incurred if the Company continues to hold the subject property, starts production or exercises purchase option. The Company's reclamation bond arrangement is disclosed below.

Decommissioning Provision and Reclamation Bond

The Company estimated the carrying value of the liability for decommissioning provision that arose to date as a result of exploration activities to be $179 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 was guaranteed by a third-party insurance company upon the issuance of Lithium Nevada clay mine project permit to the Company in 2014. The bond guarantee is renewed annually and secured by the Company's $150 security deposit.

Significant Accounting Policies

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

Critical Accounting Estimates and Judgements

Please refer to the Company's annual MD&A for the Critical Accounting Estimates and Judgements.

Risks and Uncertainties

Please refer to the Company's annual MD&A in the section entitled "Risks and Uncertainties", as well as the Company's annual information form in the section entitled "Risk Factors" for risks and uncertainties faced by the Company.

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.

Changes in Directors and Management

On July 17, 2017, Chaiwat Kovavisarach was appointed to Lithium Americas' Board of Directors. Mr. Kovavisarach is currently Chief Executive Officer of Bangchak Corporation Public Company Ltd., parent company of Bangchak.

On June 30, 2017, the Company announced the appointment of Gary Cohn as an independent director. Prior to his recent consulting work on corporate development matters, Mr. Cohn had a lengthy career with Magna International Inc. which began in 1989. His roles with Magna included overseeing the mergers and acquisitions function, serving as in-house legal counsel and acting as corporate secretary. During his career, he also practiced corporate and securities law with two large national law firms in Canada. He was a member of the Board of Directors of the former Lithium Americas Corp. from 2014 until its merger with the Company.

On June 7, 2017, the Company announced the appointment of Wang Xiaoshen and Jonathan Evans as the Company's independent directors. Mr. Wang was appointed to the Board of Lithium Americas as the nominee of Jiangxi Ganfeng Lithium Co. Ltd., which has a board nomination right pursuant to the strategic financing with the Company. Mr. Wang is currently Vice Chairman and Executive Vice President of Ganfeng Lithium.

Mr. Evans has more than 20 years of operations and general management experience across businesses of various sizes and industry applications. Previously, he served as Vice President and GM for the Lithium Division at FMC Corporation. Mr. Evans is currently the Chief Operating Officer of DiversiTech Corporation. Mr. Evans has also held executive management roles at Arysta LifeScience, AMRI Corporation and General Electric.

Coincident with the appointment of Mr. Wang and Mr. Evans to the Board, Lenard Boggio and Nicole Adshead-Bell have voluntarily stepped down as directors of the Company.

On May 10, 2017 the Company announced the appointment of Gabriel Rubacha as the Company's President, South American Operations. Mr. Rubacha was previously the Commercial Director of Techint Engineering and Construction S.A. ("Techint"). Mr. Rubacha continues to serve as a director of the Company and as the Company's representative on the Board of the Joint Venture company Minera Exar.

Investor Relations

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

Interest of Experts

All technical and scientific information discussed in this MD&A in respect of the Cauchari-Olaroz Project has been reviewed and approved by Ernest Burga, a consultant of the Company, who is considered, by virtue of his education, experience and professional association, a Qualified Person for the purposes of NI 43-101. Detailed descriptions of mineral resource and mineral reserve estimates, data verification and QA/QC programs are included in the NI 43-101 compliant technical report summarizing the Stage 1 DFS available on SEDAR (www.sedar.com).

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 Company'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 unauthorized 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 MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A 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 the preparation of a feasibility study for lithium carbonate production at the Lithium Nevada project; results of development and advancement work at the Company's properties; the update to the 2012 Environmental Impact Study, including the timing thereof; scheduled production at the Cauchari-Olaros project; the expectation for the development of the Cauchari-Olaroz project through the Joint Venture with SQM; work plans to be conducted by the Company, including expectations with respect to the operational status of, and commercial production at, its Fernley plant; the Company's plans to introduce certain products to the market; the Company's ability to source sales contracts for its organoclay products, the Company's role in the lithium-ion battery sector; and the Company's contribution to the global supply chain.

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

- uncertainties relating to receiving mining, exploration, environmental and other permits or approvals in Nevada, USA and Jujuy Province, Argentina;
- the impact of increasing competition in the lithium business;
- unpredictable changes to the market prices for lithium and clay-based organoclay products;
- 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;
- 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 a development plan for lithium carbonate production at the Lithium Nevada project;
- the market price of organoclay, the Company's ability to produce RheoMinerals products at a competitive price and to source sales contracts; and the continued growth of the shale gas and ultra-deep oil drilling and lithium industries.

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 MD&A 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 Fernley plant or in preparing feasibility studies; 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; a reduction in the demand for shale or ultra-deep drilling, as well as those risk factors described in the Company's annual information form in the section entitled "Risk Factors".

Readers are cautioned that the foregoing lists of risk 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.