



LithiumAmericas

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

(Expressed in US Dollars)

LITHIUM AMERICAS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in thousands of US dollars)

	Note	September 30, 2022 \$	December 31, 2021 \$
CURRENT ASSETS			
Cash and cash equivalents	4	185,558	510,607
Short-term bank deposits	4	206,655	-
Receivables, prepaids and deposits		4,020	1,968
Restricted cash	7	-	20,000
		<u>396,233</u>	<u>532,575</u>
NON-CURRENT ASSETS			
Associates and other investments	5	27,279	20,591
Loans to Exar Capital	6	194,021	70,856
Investment in Cauchari-Olaroz Project	6	42,215	156,281
Long-term receivable from JEMSE		6,666	6,231
Deferred transaction costs		-	20,800
Property, plant and equipment	8	8,762	4,368
Exploration and evaluation assets	9	348,745	5,640
		<u>627,688</u>	<u>284,767</u>
TOTAL ASSETS		<u>1,023,921</u>	<u>817,342</u>
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		5,671	7,347
Current portion of long-term liabilities	11	1,940	909
		<u>7,611</u>	<u>8,256</u>
NON-CURRENT LIABILITIES			
Convertible senior notes	10	235,102	236,156
Credit and loan facilities	11	-	27,915
Decommissioning provision		330	326
Other liabilities	12	8,213	8,374
		<u>243,645</u>	<u>272,771</u>
TOTAL LIABILITIES		<u>251,256</u>	<u>281,027</u>
SHAREHOLDERS' EQUITY			
Share capital		1,028,994	689,993
Contributed surplus		29,498	28,463
Accumulated other comprehensive loss		(3,487)	(3,487)
Deficit		(282,340)	(178,654)
TOTAL SHAREHOLDERS' EQUITY		<u>772,665</u>	<u>536,315</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>1,023,921</u>	<u>817,342</u>

Approved for issuance on October 26, 2022

On behalf of the Board of Directors:

"Fabiana Chubbs"
Director

"George Ireland"
Director

LITHIUM AMERICAS CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited)

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

	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2022	2021	2022	2021
		\$	\$	\$	\$
Exploration and evaluation expenditures	16	(10,405)	(12,376)	(33,404)	(25,902)
General and administrative	15	(5,334)	(2,307)	(14,014)	(7,186)
Equity compensation	13	(919)	(925)	(2,476)	(3,225)
Share of loss of Cauchari-Olaroz Project	6	(8,340)	(862)	(80,999)	(1,959)
Share of loss of Arena Minerals	5	(264)	(170)	(701)	(170)
		(25,262)	(16,640)	(131,594)	(38,442)
OTHER ITEMS					
Transaction costs		-	-	-	(86)
Loss on JEMSE transaction		-	-	-	(4,712)
(Loss)/gain on financial instruments measured at fair value	5,10	(19,090)	-	5,167	-
Gain on modification of the loans to Exar Capital	6	-	-	20,354	-
Finance costs	17	(5,334)	(3,429)	(15,834)	(8,761)
Foreign exchange gain/(loss)		877	(142)	1,767	106
Finance and other income	18	7,811	2,972	16,454	5,314
		(15,736)	(599)	27,908	(8,139)
NET LOSS BEFORE DISCONTINUED OPERATIONS		(40,998)	(17,239)	(103,686)	(46,581)
INCOME FROM DISCONTINUED OPERATIONS		-	26	-	116
NET LOSS		(40,998)	(17,213)	(103,686)	(46,465)
TOTAL COMPREHENSIVE LOSS		(40,998)	(17,213)	(103,686)	(46,465)
BASIC AND DILUTED LOSS PER SHARE FROM CONTINUING OPERATIONS		(0.30)	(0.14)	(0.78)	(0.39)
BASIC AND DILUTED LOSS PER SHARE		(0.30)	(0.14)	(0.78)	(0.39)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING-BASIC AND DILUTED		134,681	119,931	133,274	118,337

LITHIUM AMERICAS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)
(Expressed in thousands of US dollars, shares in thousands)

	Share capital		Contributed surplus	Accumulated other comprehensive loss	Deficit	Shareholders' equity
	Number of shares	Amount \$				
Authorized share capital:						
Unlimited common shares without par value						
Balance, December 31, 2020	101,103	307,152	27,204	(3,487)	(140,166)	190,703
Shares issued on conversion of RSUs, DSUs and exercise of stock options	682	2,333	(1,627)	-	-	706
Shares issued pursuant to the underwritten public offering (Note 13)	18,182	400,000	-	-	-	400,000
Shares issuance costs	-	(22,609)	-	-	-	(22,609)
Equity compensation (Note 13)	-	-	5,085	-	-	5,085
Net loss	-	-	-	-	(46,465)	(46,465)
Balance, September 30, 2021	119,967	686,876	30,662	(3,487)	(186,631)	527,420
Balance, December 31, 2021	120,831	689,993	28,463	(3,487)	(178,654)	536,315
Shares issued on conversion of RSUs, DSUs and exercise of stock options	946	5,189	(3,269)	-	-	1,920
Shares issued pursuant to the acquisition of Millennial (Note 7)	13,199	333,812	-	-	-	333,812
Equity compensation (Note 13)	-	-	2,476	-	-	2,476
RSUs issued in lieu of accrued bonuses	-	-	1,374	-	-	1,374
DSUs issued in lieu of directors' fees	-	-	454	-	-	454
Net loss	-	-	-	-	(103,686)	(103,686)
Balance, September 30, 2022	134,976	1,028,994	29,498	(3,487)	(282,340)	772,665

LITHIUM AMERICAS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in thousands of US dollars)

	Note	Nine Months Ended September 30,	
		2022	2021
		\$	\$
OPERATING ACTIVITIES			
Net loss		(103,686)	(46,465)
Items not affecting cash and other items:			
Equity compensation	13	2,476	3,225
Depreciation	8	1,712	601
Foreign exchange gain		(1,767)	(106)
Share of loss of Cauchari-Olaroz Project	6	80,999	1,959
Share of loss of Arena Minerals	5	701	170
Loss on JEMSE transaction		-	4,712
Gain on modification of the loans to Exar Capital	6	(20,354)	-
(Loss)/gain on financial instruments measured at fair value	5, 10	(5,167)	-
Unrealized gain on investments		-	(1,453)
Other items		1,352	6,937
Payment of interest on the convertible notes and debt facilities		(6,297)	(8,415)
Changes in non-cash working capital items:			
Increase in receivables, prepaids and deposits		(1,052)	(607)
Increase in accounts payable and accrued liabilities		153	2,727
Net cash used in operating activities		(50,930)	(36,715)
INVESTING ACTIVITIES			
Loans to Exar Capital	6	(56,154)	(52,920)
Contribution to Investment in Cauchari-Olaroz project	6	(1,570)	(1,559)
Investment in Green Technology Metals	5	(10,000)	-
Investment in Arena Minerals		-	(4,794)
Investment in Ascend Elements	5	(5,000)	-
Investment in short-term bank deposits	4	(205,000)	-
Cash acquired as a result of Millennial acquisition	7	33,531	-
Transaction costs related to Millennial acquisition		(5,012)	-
Payment of Millennial's acquisition date payables	7	(17,167)	-
Release of escrow deposit for Millennial acquisition	7	20,000	-
Proceeds from sale of assets held for sale		-	4,034
Additions to exploration and evaluation assets	9	(5,055)	(1,294)
Release of restricted cash		-	150
Additions to property, plant and equipment		(1,218)	(426)
Net cash used in investing activities		(252,645)	(56,809)
FINANCING ACTIVITIES			
Proceeds from stock option exercises	13	1,920	706
Proceeds from public offering	13	-	400,000
Equity offering issuance costs	13	-	(22,609)
Drawdowns from the credit facilities		-	50,120
Repayment of the subordinate loan facility		(24,708)	-
Other		(453)	(745)
Net cash (used)/provided by financing activities		(23,241)	427,472
Effect of foreign exchange on cash		1,767	124
CHANGE IN CASH AND CASH EQUIVALENTS		(325,049)	334,072
CASH AND CASH EQUIVALENTS - BEGINNING OF THE PERIOD		510,607	148,070
CASH AND CASH EQUIVALENTS - END OF THE PERIOD		185,558	482,142

LITHIUM AMERICAS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

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

1. NATURE OF OPERATIONS

Lithium Americas Corp. (“Lithium Americas” or the “Company”) is a Canadian-based resource company focused on advancing three significant lithium projects: the Cauchari-Olaroz project (“Cauchari-Olaroz”), a lithium brine project located in the Salar de Olaroz and Salar de Cauchari in Jujuy province, in north-western Argentina; the Thacker Pass project (“Thacker Pass”), a sedimentary-based lithium project located in the McDermitt Caldera in Humboldt County in north-western Nevada, USA and the Pastos Grandes lithium project (“Pastos Grandes”), a lithium brine project located in Salta province of Argentina.

The Company’s interest in Cauchari-Olaroz is held through a 44.8% ownership interest in Minera Exar S.A. (“Minera Exar”), a company incorporated under the laws of Argentina. Ganfeng Lithium Co. Ltd. (“Ganfeng”) owns 46.7% of Minera Exar with the remaining 8.5% interest held by Jujuy Energia y Minería Sociedad del Estado (“JEMSE”), a mining investment company owned by the government of Jujuy province in Argentina. Cauchari-Olaroz is in the development stage and nearing completion of construction. The Company holds a 100% interest in Thacker Pass through a wholly-owned subsidiary, Lithium Nevada Corp. (“Lithium Nevada”), a company incorporated under the laws of Nevada. Thacker Pass is in the exploration and evaluation stage. On January 25, 2022, the Company acquired Millennial Lithium Corp. (“Millennial”) and added its Argentinean lithium project, Pastos Grandes, to its pipeline of projects (Note 7).

The Company’s common shares are listed on the Toronto Stock Exchange and the New York Stock Exchange under the symbol “LAC”.

The Company’s head office and principal address is Suite 300, 900 West Hastings Street, Vancouver, British Columbia, Canada, V6C 1E5.

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, property, plant and equipment and the investment in Cauchari-Olaroz project are dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, and the ability of the Company to obtain the necessary financing to complete permitting and development, and to attain future profitable operations.

2. BASIS OF PREPARATION AND PRESENTATION

These condensed consolidated interim financial statements (“Interim Financials”) have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The Interim Financials should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2021 (the “2021 Annual Financials”), which have been prepared in accordance with IFRS. These Interim Financials include the results for Millennial from the date of its acquisition on January 25, 2022.

The Interim Financials are expressed in US dollars, the Company’s presentation currency. The same accounting policies and methods of computation have been used in the Interim Financials and 2021 Annual Financials.

LITHIUM AMERICAS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

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

3. SIGNIFICANT ACCOUNTING POLICIES

Critical Accounting Estimates and Judgments

The preparation of these Interim Financials in conformity with IFRS applicable to the preparation of interim financial statements requires judgments, estimates, and assumptions that affect the amounts reported. Those estimates and assumptions concerning the future may differ from actual results. Estimates and judgments 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.

The nature and number of significant estimates and judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are substantially the same as those that management applied to the 2021 Annual Financials, except as described below.

Accounting for Acquisition of Millennial

The Company accounted for the January 25, 2022 acquisition of Millennial as an asset acquisition. Significant judgment was required to determine that the application of this accounting treatment was appropriate for the transaction. This included, among others, the determination that Millennial was not considered a business under IFRS 3 - Business Combinations as Millennial did not have inputs and substantive processes that can collectively contribute to the creation of outputs.

New IFRS Pronouncements

Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued amendments to IAS 16, Property, Plant and Equipment (IAS 16). The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related costs in profit (loss). An entity is required to apply these amendments for annual reporting periods beginning on or after January 1, 2022.

The amendments are applied retrospectively only to items of property, plant and equipment that are available for use after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

There was no impact of these amendments on the Company's Q3 2022 financial results. It is expected that the amendments will affect the accounting related to the sale of products upon commencement of production at Cauchari-Olaroz.

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4. CASH AND CASH EQUIVALENTS AND SHORT-TERM BANK DEPOSITS

Cash and cash equivalents

	September 30, 2022	December 31, 2021
	\$	\$
Cash	15,885	137,714
Bank deposits	169,673	372,893
Cash and cash equivalents	185,558	510,607

As at September 30, 2022, \$913 of cash and cash equivalents were held in Canadian dollars (December 31, 2021 – \$4,393), \$184,535 in US dollars (December 31, 2021 – \$506,214) and \$110 were held in Argentine Pesos (December 31, 2021 – Nil). Bank deposits have maturity within three months from the date of acquisition and earn interest between 2%-3% per annum.

Short-term bank deposits

	September 30, 2022	December 31, 2021
	\$	\$
Short-term bank deposits	206,655	-

As at September 30, 2022, \$206,655 of short-term bank deposits were held in US dollars (December 31, 2021 – Nil) and include investments in guaranteed investment certificates (“GICs”) with Canadian banks. As of September 30, 2022, \$50,000 matures in December 2022, \$25,000 in January 2023, \$50,000 in March 2023, \$25,000 in April 2023 and \$55,000 in July 2023. Short-term bank deposits earn interest between 3%-4% per annum. Total interest of \$3,984 included \$2,329 generated on cash and cash equivalents and \$1,655 on short-term bank deposits during the nine months ended September 30, 2022.

5. ASSOCIATES AND OTHER INVESTMENTS

The following table summarizes the Company’s associates and other investments:

	September 30, 2022	December 31, 2021
	\$	\$
Investment in Green Technology Metals	6,507	-
Investment in Arena Minerals	12,332	13,033
Warrants to purchase shares in Arena Minerals	3,440	7,558
Investment in Ascend Elements	5,000	-
Associates and other investments	27,279	20,591

INVESTMENT IN GREEN TECHNOLOGY METALS

On April 28, 2022, the Company entered into an agreement to acquire shares of Green Technology Metals Limited (ASX: GT1) (“Green Technology Metals”), a North American focused lithium exploration and development company with hard rock spodumene assets in north-western Ontario, Canada, in a private placement for total consideration of \$10,000, or approximately 5% of Green Technology Metals’ issued and outstanding shares following closing of the share placement.

LITHIUM AMERICAS CORP.
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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

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

5. ASSOCIATES AND OTHER INVESTMENTS *(continued)*

As at September 30, 2022, the Company holds approximately 13,301 common shares of Green Technology Metals with an estimated fair value of \$6,507 determined based on the market price of Green Technology Metals' shares as of such date. A loss on change in fair value of Green Technology Metals Shares of \$3,507 was recognized in the statement of comprehensive loss for the nine months ended September 30, 2022.

INVESTMENT IN ARENA MINERALS

In 2021, the Company acquired 66,226 common shares and 21,429 share purchase warrants of Arena Minerals Inc. (TSX-V: AN) ("Arena Minerals") for total consideration of CDN\$18,632 (\$14,758). Each warrant entitles the holder to acquire one common share of Arena Minerals at CDN\$0.25 for a period of 24 months from the date of issuance.

Pursuant to the acquisition agreement, Lithium Americas has the right (i) to participate in future Arena Minerals financings to maintain its pro rata ownership interest in Arena Minerals if the Company maintains an ownership interest of at least a 7.5%; and (ii) to appoint a nominee to the Arena Minerals board of directors if the Company maintains an ownership interest of at least a 10%.

As at December 31, 2021 and September 30, 2022, the Company owned approximately 17.05% of the issued and outstanding shares of Arena Minerals.

The Company has significant influence over Arena Minerals by virtue of its current equity holdings of shares and warrants, and its nominee director to the board of Arena Minerals. As such, the investment in Arena Minerals is accounted for using the equity method of accounting. Warrants to acquire Arena Mineral's common shares are derivatives and accounted for at fair value with changes in fair value recorded in the statement of comprehensive loss.

	Common shares \$	Warrants \$
Investment in Arena Minerals, as at December 31, 2020	-	-
Purchase of Arena Minerals shares and warrants	13,375	1,383
Share of loss of Arena Minerals	(342)	-
Gain on change in fair value of Arena Minerals warrants	-	6,175
Investment in Arena Minerals, as at December 31, 2021	13,033	7,558
Share of loss of Arena Minerals	(701)	-
Loss on change in fair value of Arena Minerals warrants	-	(4,118)
Investment in Arena Minerals, as at September 30, 2022	12,332	3,440

The Arena Minerals warrants had an estimated fair value of \$3,440 at September 30, 2022. The fair value of the warrants was estimated using a Black-Scholes valuation model with the following inputs: volatility of 79.10%, risk-free rate of 3.76%, expected dividend of 0%, and expected life of 0.81 years. A loss on fair value of \$4,118 was recognized in the statement of comprehensive loss.

For the nine months ended September 30, 2022, the Company recognized its share of loss of \$701 under the equity method of accounting, resulting in an investment balance of \$12,332 at September 30, 2022.

LITHIUM AMERICAS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

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

5. ASSOCIATES AND OTHER INVESTMENTS *(continued)*

INVESTMENT IN ASCEND ELEMENTS

On July 18, 2022, the Company made a \$5,000 equity investment in Ascend Elements, Inc. (“Ascend Elements”), a private US based lithium-ion battery recycling and engineered material company, by way of a subscription for Series C-1 preferred shares. Holders of these shares have a right to a dividend at a rate of 8% per annum of the issue price (only if and when declared by Ascend Elements’ Board), preferential rights upon liquidation, a right to convert preferred shares to common shares and other customary preferences.

As at September 30, 2022, the Company holds approximately 806 series C-1 preferred shares of Ascend Elements with an estimated fair value of \$5,000.

6. INVESTMENT IN CAUCHARI-OLAROSZ PROJECT

As at September 30, 2022, the Company, Ganfeng and JEMSE are 44.8%, 46.7% and 8.5% shareholders, respectively, of Minera Exar, the company that holds all rights, title and interest in and to Cauchari-Olaroz, which is located in the Jujuy province of Argentina. The Company and Ganfeng are parties to a shareholders’ agreement concerning management of the project and are entitled to the project’s production offtake on a 49%/ 51% basis. Construction costs are also shared on the same 49%/ 51% pro rata basis between the Company and Ganfeng. The shareholders’ agreement regulates key aspects of governance of the project, which provides the Company with significant influence over Minera Exar and strong minority shareholder protective rights.

In addition, the Company and Ganfeng are 49% and 51% shareholders, respectively, in Exar Capital B.V. (“Exar Capital”), a company that provides financing to Minera Exar for the purpose of advancing construction of Cauchari-Olaroz (the investment in Minera Exar and investment in Exar Capital together, the “Investment in Cauchari-Olaroz project”). Minera Exar and Exar Capital are accounted for using the equity method of accounting.

Loans to Minera Exar and Exar Capital

The Company has entered into loan agreements with Minera Exar and Exar Capital to fund the construction of Cauchari-Olaroz. Changes in the loans’ balances are summarized below.

	\$
Loans to Exar Capital, as at December 31, 2020	34,562
Loans to Exar Capital	60,270
Initial difference between the face value and the fair value of loans to Exar Capital	(29,677)
Accrued interest	5,701
Loans to Exar Capital, as at December 31, 2021	70,856
Remeasurement due to extinguishment of the loans to Exar Capital	54,991
Loans to Exar Capital	56,154
Accrued interest	12,020
Loans to Exar Capital, as at September 30, 2022	194,021

LITHIUM AMERICAS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

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

6. INVESTMENT IN CAUCHARI-OLAROS PROJECT *(continued)*

Prior to 2022, loans by the Company and Ganfeng to Exar Capital were non-interest bearing. Starting from January 1, 2022, as agreed between the Company and Ganfeng, all loans by both the Company and Ganfeng to Exar Capital were amended to introduce interest.

Loans advanced prior to 2022 carry interest rates between 9.74% - 12.64% while loans advanced starting in 2022 will carry an interest rate of the Secured Overnight Financing Rate (“SOFR”) plus 10.305%. SOFR is a benchmark interest rate for dollar-denominated loans and derivatives established as an alternative benchmark rate to the London Inter-Bank Offered Rate (“LIBOR”), which is being gradually phased out.

The amendment to the terms of the loans resulted, for accounting purposes, in an extinguishment of the pre-existing instruments and the recognition of new loans. The effect of this change was a re-measurement of the loan balances at January 1, 2022 from \$70,856 to \$125,847, which reversed the unamortized discount on the previously non-interest bearing loans. The extinguishment gain was recorded as \$54,991, of which \$34,637 (previously included as part of Investment in Cauchari-Olaroz) was recognized as a return of investment in Cauchari-Olaroz and credited against the investment in associate and the remaining \$20,354 was recorded as a gain in the Company’s statement of comprehensive loss.

During the nine months ended September 30, 2022, loans were provided by the Company to Exar Capital in the amount of \$56,154, and by Ganfeng in the amount of \$58,446. Such loans funded the Company’s and Ganfeng’s respective 49% and 51% shares of Cauchari-Olaroz construction costs.

In addition to the loans from shareholders, in Q4 2021 and Q1 2022, Minera Exar obtained debt financing in the form of loans totaling \$50,000 from a third party to fund construction. These third party loans are secured with a bank letter of credit arranged by Ganfeng. The Company has in turn provided a guarantee to Ganfeng in the amount of \$19,600 for the loans. In October 2022, Minera Exar obtained an additional \$20,000 debt financing from a third party secured by a letter of credit provided by Exar Capital.

Investment in Cauchari-Olaroz Project

Changes in the Investment in Cauchari-Olaroz Project are summarized below:

	\$
Investment in Cauchari-Olaroz Project, as at December 31, 2020	131,394
Contribution to Investment in Cauchari-Olaroz Project	31,772
Share of income of Cauchari-Olaroz Project	25,731
Elimination of unrealized gain on intercompany transactions	(22,104)
Share of decrease in Minera Exar net assets as a result of the JEMSE Transaction	(10,512)
Investment in Cauchari-Olaroz Project, as at December 31, 2021	156,281
Remeasurement due to extinguishment of the loans to Exar Capital	(34,637)
Contribution to Investment in Cauchari-Olaroz Project	1,570
Share of loss of Cauchari-Olaroz Project	(62,376)
Elimination of unrealized gain on intercompany transactions	(18,623)
Investment in Cauchari-Olaroz Project, as at September 30, 2022	42,215

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

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

6. INVESTMENT IN CAUCHARI-OLAROS PROJECT *(continued)*

In Q2 2022, certain of the loans provided by Exar Capital to Minera Exar were amended to introduce a revised repayment mechanism linked to the implied market foreign exchange rate in Argentina. This change in the loans' terms resulted in an extinguishment of the loan and the recognition of a related loss of \$113,105 (net of taxes), the Company's share of which was \$50,671. Subsequent to the amendment, the revised repayment feature gives rise to the existence of an embedded derivative which is required to be measured at fair value at each reporting date.

Minera Exar incurred derivative losses of \$46,393 (net of taxes), the Company's share of which was \$20,784 from the date of amendment to September 30, 2022. The Company's share of other Minera Exar and Exar Capital income was \$9,079 which was primarily related to deferred tax.

Minera Exar's Commitments and Contingencies

As at September 30, 2022, Minera Exar had the following commitments (on a 100% basis):

- Annual royalty of \$200 due in May of every year and expiring in 2041.
- Aboriginal programs agreements with seven communities located in the Cauchari-Olaroz project area having terms ranging from five to thirty years. The annual fees due are \$105 in 2022 and \$503 between 2023 and 2061, assuming that such agreements are extended for the life of the project. The annual fees are subject to change. Minera Exar's obligations to make the payments are subject to continued development of the project and commencement and continuation of production operations for the project.
- Commitments related to construction contracts of \$838.

7. MILLENNIAL ACQUISITION

On January 25, 2022, Lithium Americas completed the acquisition of Millennial through the purchase of all issued and outstanding shares of Millennial at a price of CDN\$4.70 per share, payable in a combination of Lithium Americas common shares and cash of CDN\$0.001 per Millennial share, for total consideration of \$359,729. As a term of the offer, the Company paid Millennial \$20,000 as reimbursement of break fees owed under the previous acquisition agreement entered into by Millennial with a third party.

The Company incurred \$5,812 in other transaction costs. The transaction was accounted for as an asset acquisition.

Through Millennial, the Company owns two lithium projects in Argentina: Pastos Grandes and the Cauchari East project ("Cauchari East", and together with Pastos Grandes, the "Millennial Projects").

Pastos Grandes, located in the Salta province of Argentina, is a brine lithium deposit and was subject to extensive exploration and evaluation efforts pre-acquisition by the previous owners. Cauchari East is located adjacent to Cauchari-Olaroz in the Province of Jujuy in Argentina, with only limited exploration, evaluation and permitting work completed to date. Consideration for the purchase of Millennial is as follows:

	\$
Cash	105
Lithium Americas common shares	333,812
Transaction costs	25,812
Consideration given	359,729

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7. MILLENNIAL ACQUISITION *(continued)*

The allocation of the purchase price to the assets acquired and liabilities assumed is based upon estimated fair values at the date of acquisition as set out below:

	\$
Cash and cash equivalents	33,636
Receivables, prepaids and deposits	999
Property, plant and equipment	4,211
Exploration and evaluation assets	338,050
Accounts payable and accrued liabilities	(17,167)
Net assets acquired	359,729

8. PROPERTY, PLANT AND EQUIPMENT

	Buildings \$	Equipment and machinery \$	Other ¹ \$	Total \$
Cost				
As at December 31, 2020	-	1,198	2,108	3,306
Additions	-	118	3,360	3,478
Disposals	-	-	(452)	(452)
As at December 31, 2021	-	1,316	5,016	6,332
Acquisition	1,571	2,640	-	4,211
Additions	-	884	1,011	1,895
As at September 30, 2022	1,571	4,840	6,027	12,438

	Buildings \$	Equipment and machinery \$	Other ¹ \$	Total \$
Accumulated depreciation				
As at December 31, 2020	-	471	900	1,371
Depreciation for the period	-	343	582	925
Disposals	-	-	(332)	(332)
As at December 31, 2021	-	814	1,150	1,964
Depreciation for the period	79	814	819	1,712
As at September 30, 2022	79	1,628	1,969	3,676

	Buildings \$	Equipment and machinery \$	Other ¹ \$	Total \$
Net book value				
As at December 31, 2021	-	502	3,866	4,368
As at September 30, 2022	1,492	3,212	4,058	8,762

¹ The "Other" category includes right of use assets with a cost of \$4,607 and \$1,479 of accumulated depreciation as at September 30, 2022.

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9. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets were as follows:

	Thacker Pass \$	Millennial Projects \$	Total \$
Total exploration and evaluation assets			
As at December 31, 2021	5,640	-	5,640
Acquisition	-	338,050	338,050
Additions	3,989	1,066	5,055
As at September 30, 2022	9,629	339,116	348,745

The Company has certain commitments for royalty and other payments to be made on the Thacker Pass project and Pastos Grandes project as set out below. These amounts will only be payable if the Company continues to hold the subject claims in the future and the royalties will only be incurred if the Company starts production from the respective projects.

Thacker Pass:

- 20% royalty on revenue solely in respect of uranium;
- 8% gross revenue royalty from ores extracted, mined or removed from the property up to a cumulative payment of \$22,000. The royalty will then be reduced to 4% for the life of the project. The Company has the option at any time to reduce the royalty to 1.75% upon payment of \$22,000; and
- Option payments of \$137.5 payable in Q4 2022, and \$2,887.5 in 2023 to purchase water rights.

Pastos Grandes:

- 1.5% royalty on the gross operating revenues from production from certain Pastos Grandes claims, payable to the original vendors of the project; and
- royalties to a maximum of 3% over net-back income, payable to the Salta Province.

10. CONVERTIBLE NOTES

On December 6, 2021, the Company closed an offering of \$225,000 aggregate principal amount of 1.75% convertible senior notes due in 2027 (the "Convertible Notes", "Notes" and the "Offering"). The Company used a portion of the net proceeds from the Offering to repay in full its \$205,000 senior secured credit facility. On December 9, 2021, the initial purchasers under the Offering exercised in full their option to purchase up to an additional \$33,750 aggregate principal amount of the Convertible Notes, increasing the total Offering size to \$258,750.

The Convertible Notes represent financial instruments that include a debt host accounted for at amortized cost and conversion option and redemption option derivatives, which are separated from the debt host and accounted for at fair value with changes in fair value recorded in the statement of comprehensive loss. These derivatives are accounted for together as a single derivative when separated from the debt host.

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10. CONVERTIBLE NOTES *(continued)*

	Debt host \$	Convertible note derivative \$	Total \$
Convertible notes			
As at January 1, 2021	-	-	-
Convertible notes principal	157,331	101,419	258,750
Transaction costs	(5,170)	(3,329)	(8,499)
Gain on change in fair value of convertible notes derivative	-	(15,090)	(15,090)
Accrued Interest	1,300	-	1,300
Reclassification of short-term accrued interest to short-term liability	(305)	-	(305)
As at December 31, 2021	153,156	83,000	236,156
Gain on change in fair value of convertible notes derivative	-	(12,792)	(12,792)
Accrued Interest	15,131	-	15,131
Interest payment	(2,755)	-	(2,755)
Reclassification of short-term accrued interest to short-term liability	(638)	-	(638)
As at September 30, 2022	164,894	70,208	235,102

The fair value of the derivatives was estimated using a partial differential equation method with Monte Carlo simulation with the following inputs: volatility of 70%, a risk-free rate of 4.20%, expected dividend of 0%, and credit spread of 10.94%. A gain on change in fair value for the nine months ended September 30, 2022, of \$12,792 was recognized in the statement of comprehensive loss. On July 15, 2022, the Company paid interest of \$2,755 due under its Convertible Notes. Accrued interest for the nine months ended September 30, 2022, of \$15,131 was recognized as finance costs in the statement of comprehensive loss.

Valuation of the embedded derivative is highly sensitive to changes in the Company's share price and the assumed volatility of the Company's share price. The gain on change in fair value of the derivative in Q3 2022 was driven by changes in the underlying valuation assumptions, including a decrease as at September 30, 2022 compared to December 31, 2021, of the Company's market share price from \$29.12 to \$26.23 and an increase in the risk-free interest rate from 1.37% to 4.20%, partially offset by an increase in the volatility assumption from 65% to 70%.

A reduction in the volatility rate by 20% would result in a corresponding reduction of the embedded derivative value by 25%, while a reduction/increase of the share price by 10% would result in a corresponding reduction/increase of the embedded derivative value by 14% and 17% respectively.

The Convertible Notes are unsecured and accrue interest payable semi-annually in arrears at a rate of 1.75% per annum payable on January 15 and July 15 of each year, beginning on July 15, 2022. Prior to October 15, 2026, the Notes are convertible at the option of the holders during certain periods, upon the satisfaction of certain conditions which are disclosed in 2021 Annual Financials.

Holders of Convertible Notes have the right to require the Company to repurchase their Convertible Notes upon the occurrence of certain events.

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11. LONG-TERM LIABILITIES

	September 30, 2022	December 31, 2021
	\$	\$
Current portion of long-term liabilities		
Accrued interest	943	305
Other liabilities	997	604
	1,940	909
Long-term liabilities		
Limited Recourse Loan Facility	-	27,915
	-	27,915
	1,940	28,824

Limited Recourse Loan Facility

In October 2018, Ganfeng provided Lithium Americas with a \$100,000 unsecured, limited recourse, subordinated loan facility (the “Limited Recourse Loan Facility”) bearing an interest rate of 6-month LIBOR plus 5.5% (subject to an aggregate maximum interest rate of 10% per annum). The loan facility is repayable in an amount of 50% of Minera Exar’s Free Cash Flows (as defined in the credit facility agreement).

In Q1 2022, the Limited Recourse Loan Facility balance and accumulated interest were repaid. The remaining undrawn available balance under the facility is \$75,000.

12. OTHER LIABILITIES

Other liabilities consist of \$2,261 in lease liabilities and \$5,952 in mining contractor liability. The mining contractor liability balance includes \$3,500 received by Lithium Nevada from a mining contractor pursuant to a mining design, consulting and mining operations service agreement for Thacker Pass entered into by Lithium Nevada in Q2 2019.

As an additional term of the agreement, Lithium Nevada will pay a success fee to the mining contractor of \$4,650 upon achieving certain commercial mining milestones or repay the \$3,500 advance without interest if a final project construction decision is not made by December 2024.

Mining design and consulting services rendered by the mining contractor to date are accrued and included in the mining contractor liability balance. Such amounts are payable on or before the earlier of December 31, 2024, or 90 days after the start of production at Thacker Pass.

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13. SHARE CAPITAL AND EQUITY COMPENSATION

Share Capital

On January 25, 2022, the Company closed the acquisition of 100% of Millennial and issued 13,199 shares to Millennial shareholders.

On January 22, 2021, Lithium Americas closed an underwritten public offering of 18,182 shares, including 2,273 shares following the exercise in full by the underwriters of their over-allotment option. The shares were issued at a price of \$22.00 each for gross proceeds to the Company of approximately \$400,000. Share issuance costs were \$22,609.

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 awarded restricted share units (“RSUs”) and performance share units (“PSUs”) that, subject to a recipient’s deferral right in accordance with the Income Tax Act (Canada), convert automatically into common shares upon vesting. In addition, independent directors are awarded deferred share units (“DSUs”), generally as partial compensation for their services as directors. DSUs may be redeemed by directors for common shares upon retirement or termination from the Board. The Plan also permits the grant of incentive stock options exercisable to purchase common shares of the Company (“stock options”); however, generally the Company has granted RSUs, PSUs and DSUs over stock options under its equity compensation program since 2018. The Plan is a “fixed plan” pursuant to which the aggregate number of common shares to be issued shall not exceed 16% of the Company’s issued and outstanding common shares as of April 1, 2020, or 14,401 shares.

Restricted Share Units

During the nine months ended September 30, 2022, the Company granted 135 (2021 – 250) RSUs to its employees and consultants. The total estimated fair value of the RSUs was \$3,343 (2021 – \$3,366) based on the market value of the Company’s shares on the grant date. As at September 30, 2022, there was \$2,036 (2021 – \$1,217) of total unamortized compensation cost relating to unvested RSUs. During the nine months ended September 30, 2022, stock-based compensation expense related to RSUs of \$1,066 was charged to expenses (2021 – \$1,190).

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13. SHARE CAPITAL AND EQUITY COMPENSATION *(continued)*

A summary of changes to the number of outstanding RSUs is as follows:

	Number of RSUs (in 000's)
Balance, RSUs outstanding as at December 31, 2020	2,290
Converted into shares	(191)
Granted	256
Balance, RSUs outstanding as at December 31, 2021	2,355
Converted into shares	(54)
Granted	135
Forfeited	(14)
Balance, RSUs outstanding as at September 30, 2022	2,422

Deferred Share Units

During the nine months ended September 30, 2022, the Company granted 16 DSUs (2021 – 18) as compensation to independent directors with a total estimated fair value of \$454 (2021 – \$253).

	Number of DSUs (in 000's)
Balance, DSUs outstanding as at December 31, 2020	218
Granted	24
Balance, DSUs outstanding as at December 31, 2021	242
Granted	16
Converted into common shares	(13)
Balance, DSUs outstanding as at September 30, 2022	245

Stock Options

No stock options were granted by the Company during the nine months ended September 30, 2022 and 2021. Stock options outstanding and exercisable as at September 30, 2022 are as follows:

Range of Exercise Prices CDN\$	Number outstanding and exercisable as at September 30, 2022 (in 000's)	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price (CDN\$)
\$4.55 - \$5.00	160	0.0	4.90
\$8.05 - \$11.07	530	0.5	8.33
	690	0.4	7.54

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13. SHARE CAPITAL AND EQUITY COMPENSATION *(continued)*

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

	Number of Options (in 000's)	Weighted Average Exercise Price, (CDN\$)
Balance, stock options outstanding as at December 31, 2020	2,303	6.05
Exercised	(612)	(3.05)
Expired	(9)	(6.30)
Balance, stock options outstanding as at December 31, 2021	1,682	7.06
Exercised	(992)	(6.73)
Balance, stock options outstanding as at September 30, 2022	690	7.54

The weighted average share price at the time of exercise of stock options during nine months ended September 30, 2022 was CDN\$39.89 (2021 – CDN\$20.00). During the nine months ended September 30, 2022, 618 (2021 – 310) stock options were exercised under the cashless exercise provision of the Plan, resulting in the issuance of 504 (2020 – 258) shares of the Company.

Performance Share Units ("PSUs")

73 PSUs were granted by the Company during the nine months ended September 30, 2022 (2021 – 162). As at September 30, 2022, there was \$3,332 (2021 - \$2,636) of total unamortized compensation cost relating to unvested PSUs.

The fair value of the PSUs is estimated on the date of grant using a valuation model based on Monte Carlo simulation with the following assumptions used for the grants made during the period:

	January 28, 2022	January 4, 2021
Number of PSUs granted	73	162
Risk-free interest rate	1.39%	0.17%
Dividend rate	0%	0%
Annualized volatility	82.8%	76.0%
Peer Group average volatility	55.73%	72.2%
Estimated forfeiture rate	10.0%	10.0%
Fair value per PSU granted	41.99	19.72

In October 2022, 283 PSUs vested with multiplication ratio of 1.85. The PSUs are earned on the basis of total shareholder return relative to the return of the peer companies over four weighted performance periods: 20% in each of the first to third years of the performance period and 40% during the three-year period from the grant date.

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13. SHARE CAPITAL AND EQUITY COMPENSATION *(continued)*

During the nine months ended September 30, 2022, equity compensation expense related to PSUs of \$1,410 was charged to operating expenses (2021 - \$2,035). A summary of changes to the number of outstanding PSUs is as follows:

	Number of PSUs (in 000's)
Balance, PSUs outstanding as at December 31, 2020	999
Granted	162
Converted into common shares	(417)
Balance, PSUs outstanding as at December 31, 2021	744
Granted	73
Forfeited	(51)
Balance, PSUs outstanding as at September 30, 2022	766

14. RELATED PARTY TRANSACTIONS

Minera Exar, the Company's equity-accounted investee, has entered into the following transactions with companies controlled by the family of its president, who is also a director of Lithium Americas:

- Los Boros Option Agreement, entered into with Los Boros on March 28, 2016, for the transfer to Minera Exar of title to certain mining properties that comprised a portion of the Cauchari-Olaroz Project.
- Expenditures under the construction services contract for Cauchari-Olaroz with Magna Construcciones S.R.L., were \$3,844 for the nine months ended September 30, 2022.

During the nine months ended September 30, 2022, director's fees paid by Minera Exar to its president, who is also a director of Lithium Americas, totaled \$56 (2021 - \$54).

In Q1 2022, Minera Exar entered into a service agreement with a consortium owned 49% by a company controlled by the family of its President, who is also a director of Lithium Americas. The agreement is for servicing of the evaporation ponds at Cauchari-Olaroz over a five-year term, for total consideration of \$94,000 (excluding VAT).

The amounts due by Minera Exar to related parties arising from such transactions are unsecured, non-interest bearing and have no specific terms of payment. Transactions with Ganfeng, a related party of the Company by virtue of its position as a shareholder of the Company, are disclosed in Notes 6 and 11.

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14. RELATED PARTY TRANSACTIONS *(continued)*

Compensation of Key Management

Key management are the Company's board of directors, and the executive management team. The remuneration of directors and members of the executive management team was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022 \$	2021 \$	2022 \$	2021 \$
Equity compensation	496	435	1,427	1,719
Salaries, bonuses, benefits and directors' fees included in general and administrative expenses	656	440	2,098	1,280
Salaries, bonuses and benefits included in exploration expenditures	81	77	254	261
Salaries and benefits capitalized to Investment in Cauchari-Olaroz project	141	122	423	664
	1,374	1,074	4,202	3,924

	September 30, 2022 \$	December 31, 2021 \$
Total due to directors and executive team	316	671

15. GENERAL AND ADMINISTRATIVE EXPENSES

The following table summarizes the Company's general and administrative expenses:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022 \$	2021 \$	2022 \$	2021 \$
Salaries, benefits and directors' fees	1,685	837	4,922	2,405
Office and administration	1,031	659	2,844	2,070
Professional fees	1,937	564	4,301	1,789
Regulatory and filing fees	103	85	257	344
Travel	184	20	425	40
Investor relations	305	60	1,004	357
Depreciation	89	82	261	181
	5,334	2,307	14,014	7,186

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16. EXPLORATION AND EVALUATION EXPENDITURES

The following table summarizes the Company's exploration and evaluation expenditures:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022			2021	2022			2021
	Thacker Pass	Millennial Projects	Total	Thacker Pass	Thacker Pass	Millennial Projects	Total	Thacker Pass
	\$	\$	\$	\$	\$	\$	\$	\$
Engineering	4,481	-	4,481	8,425	16,903	-	16,903	17,196
Consulting and salaries	2,457	279	2,736	1,805	6,718	701	7,419	4,768
Permitting and environmental	799	-	799	659	3,144	2	3,146	1,689
Field supplies and other	406	791	1,197	280	1,027	1,985	3,012	783
Depreciation	557	50	607	150	1,301	150	1,451	396
Drilling and geological expenses	585	-	585	1,057	1,473	-	1,473	1,070
Total exploration expenditures	9,285	1,120	10,405	12,376	30,566	2,838	33,404	25,902

17. FINANCE COSTS

The following table summarizes the Company's finance costs:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Interest on convertible notes	5,210	-	15,131	-
Interest on credit facilities	-	3,250	335	8,417
Other	124	179	368	344
	5,334	3,429	15,834	8,761

18. FINANCE AND OTHER INCOME

The following table summarizes the Company's finance and Other Income:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Interest on loans to Exar Capital	4,726	860	12,020	2,510
Interest on cash and deposits	2,939	347	3,984	1,067
Other	146	1,765	450	1,737
	7,811	2,972	16,454	5,314

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19. SEGMENTED INFORMATION

The Company operates in three operating segments in three geographical areas. The Millennial Projects operating segment was added upon acquisition of these projects in Q1 2022.

The Thacker Pass and Millennial Projects are in the exploration and evaluation stage and the Cauchari-Olaroz Project is in the development stage. The Organoclay segment, classified as a discontinued operation in 2021, was wound up in 2019 and its assets were sold in Q1 2021.

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

	Thacker Pass \$	Cauchari- Olaroz \$	Millennial Projects \$	Corporate \$	Total \$
As at September 30, 2022					
Property, plant and equipment	3,755	-	4,115	892	8,762
Exploration and evaluation assets	9,629	-	339,116	-	348,745
Total assets	16,715	242,902	354,281	410,023	1,023,921
Total liabilities	(10,665)	-	(1,227)	(239,364)	(251,256)
For the nine months ended September 30, 2022					
Property, plant and equipment additions	1,763	-	55	77	1,895
Net loss	(31,761)	(48,190)	(2,338)	(21,397)	(103,686)
Exploration expenditures	(30,566)	-	(2,838)	-	(33,404)
Depreciation	(1,301)	-	(150)	(261)	(1,712)
For the three months ended September 30, 2022					
Property, plant and equipment additions	213	-	55	22	290
Net loss	(9,680)	(3,467)	(779)	(27,072)	(40,998)
Exploration expenditures	(9,285)	-	(1,120)	-	(10,405)
Depreciation	(557)	-	(50)	(89)	(696)

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19. SEGMENTED INFORMATION *(continued)*

	Organoclay	Thacker	Cauchari-	Corporate	Total
	\$	\$	\$	\$	\$
As at December 31, 2021					
Property, plant and equipment	-	3,294	-	1,074	4,368
Exploration and evaluation assets	-	5,640	-	-	5,640
Total assets	-	10,744	274,760	531,838	817,342
Total liabilities	-	(10,632)	-	(270,395)	(281,027)
For the nine months ended September 30, 2021					
Property, plant and equipment additions	-	1,699	-	576	2,275
Income from discontinued operations	116	-	-	-	116
Net income/(loss)	116	(28,550)	(1,959)	(16,072)	(46,465)
Exploration expenditures	-	(25,902)	-	-	(25,902)
Depreciation	-	(419)	-	(182)	(601)
For the three months ended September 30, 2021					
Property, plant and equipment additions	-	1,603	-	495	2,098
Income from discontinued operations	26	-	-	-	26
Net Income/(loss)	26	(13,410)	(862)	(2,967)	(17,213)
Exploration expenditures	-	(12,376)	-	-	(12,376)
Depreciation	-	(173)	-	(83)	(256)

The Company's non-current assets are segmented geographically as follows:

	Canada	United States	Argentina	Total
	\$	\$	\$	\$
<i>Non-current assets</i> ⁽¹⁾				
As at September 30, 2022	891	13,367	397,796	412,054
As at December 31, 2021	1,074	8,934	190,114	200,122

¹ Non-current assets attributed to geographical locations exclude financial and other assets.

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20. FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value on the consolidated statements of financial position and presented in fair value disclosures 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 in the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. Warrants acquired as part of the Arena Minerals investment, common shares acquired as part of the Green Technology Metals investment and the convertible note derivative are measured at fair value on the statement of financial position on a recurring basis. Cash and cash equivalents, receivables, and debt host of the Convertible Notes are measured at amortized cost on the statement of financial position. As at September 30, 2022, the fair value of financial instruments measured at amortized cost approximates their carrying value. Green Technology shares are classified at level 1 of the fair value hierarchy, Arena Minerals warrants, and convertible note derivatives are classified at level 2 of the fair value hierarchy and Ascend Elements preference shares are classified at level 3 of the fair value hierarchy (refer to Note 5, 5, 10 and 5 respectively).

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 monitored, and that the capital base maintained by the Company is adequate in relation to those risks. The principal risks which impact the Company's financial instruments are described below.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, cash equivalents, receivables, long-term receivable from JEMSE, and loans to Exar Capital. The Company's maximum exposure to credit risk for cash, cash equivalents, receivables, long-term receivable from JEMSE, and loans to Exar Capital is the amount disclosed in the consolidated statements of financial position. The Company limits its exposure to credit loss by placing its cash and cash equivalents with major financial institutions and invests only in short-term obligations that are guaranteed by the Canadian government or by Canadian and US chartered banks with expected credit losses estimated to be de minimis. The Company and its subsidiaries and investees including Minera Exar, may from time to time make short-term investments into Argentinian government securities, financial instruments guaranteed by Argentinian banks and other Argentine securities. These investments may or may not realize short-term gains or losses.

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

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

20. FINANCIAL INSTRUMENTS *(continued)*

under both normal and stressed conditions to estimate and maintain 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 or that of its investees is related to capital programs.

The Company prepares annual budgets, which are regularly monitored and updated as considered necessary. As at September 30, 2022, the Company had cash and cash equivalents and short-term bank deposits balance of \$392,213 to settle current liabilities of \$7,611.

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

	Years Ending December 31,				Total
	2022	2023	2024	2025 and later	
	\$	\$	\$	\$	\$
Convertible senior notes	-	4,528	4,530	270,073	279,131
Accounts payable and accrued liabilities	5,671	-	-	-	5,671
Obligations under office leases ¹	257	1,148	1,093	1,029	3,527
Other obligations ¹	56	2,487	3,504	-	6,047
Total	5,984	8,163	9,127	271,102	294,376

¹Include principal and interest/finance charges.

Market Risk

Market risk incorporates a range of risks. Movement in risk factors, such as market price risk, the Company's share price, and currency risk, affects the fair values of financial assets and liabilities. The Company is exposed to foreign currency risk as described below.

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's functional currency is United States dollars ("US\$") and it incurs expenditures in Canadian dollars ("CDN\$"), Argentine Pesos ("ARS\$") and US\$, with the majority of the expenditures being incurred in US\$ by the Company's subsidiaries and investees. The Company and its subsidiaries and associates have a US\$ functional currency. As at September 30, 2022, the Company held \$913 and \$110 in CDN\$ and ARS\$ denominated cash and cash equivalents respectively. Strengthening/(weakening) of a US\$ exchange rate versus CDN\$ and ARS\$ by 10% would have resulted in a foreign exchange (loss)/gain for the Company of \$91 and \$11 respectively at September 30, 2022.