LithiumAmericas

NEWS RELEASE

Western Lithium Initiates Planned Lithium Demonstration Plant to Validate Low Cost Lithium Extraction From Its Nevada Deposit

2/13/2014

RENO, NEVADA--(Marketwired - Feb. 13, 2014) - Western Lithium USA Corporation ("Western Lithium" or the "Company"), (TSX:WLC)(OTCQX:WLCDF) is pleased to announce that it has received a milestone payment of US$1.5 million pursuant to the Royalty Purchase Agreement with Orion Mine Finance (Master) Fund I LP ("Orion"), the Company's largest shareholder and a major New York investment fund, to be put towards building the planned Lithium Demonstration Plant expected to be operational in the fourth quarter of 2014. Western Lithium intends to use the plant to collect design data for a definitive feasibility study and to demonstrate the viability of producing low cost lithium carbonate from its Kings Valley lithium-rich hectorite clay deposit in Nevada (the "Project"). The Company has received a USA patent for its proprietary process for separating lithium and potassium byproduct compounds from lithium-rich clays (see news release dated May 9, 2013). Based on its NI 43-101 Prefeasibility Study, the Project is forecast to have a comparably low first-quartile cost structure against new and incumbent lithium producers, and to generate a net present value of US$552 million at a discount rate of 8% (see SEDAR filing dated January 27, 2012).

"In 2014, we see potential for renewed interest towards the expansion of the lithium sector, due to the rising adoption by mainstream consumers of hybrid, plug-in and electric vehicles, and energy storage devices that use lithium ion batteries. Lithium ion technology is becoming ubiquitous in products ranging from lithium battery powered bikes to garden tools. We are aggressively planning to have the Lithium Demonstration Plant operational in Germany in the fourth quarter of 2014, at a fully permitted facility complete with utilities and laboratory support," said Western Lithium CEO, Jay Chmelauskas. "We will invite potential strategic partners, investors and stakeholders to visit the demonstration plant in Germany, where we expect to be able to demonstrate the advantages and cost competitiveness of producing lithium carbonate from our unique lithium clay."

Mr. Chmelauskas added that, "This summer, our HECTATONE™ Organoclay Plant in Nevada is scheduled to begin making specialty drilling fluid additives designed to provide viscosity, lubrication and reduced pressure loss for drilling applications. The use of directional drilling and fracking technology is opening up vast new deposits of oil and gas throughout the world and is considered to be at its early stages with tremendous potential global growth ahead for the drilling sector. Our strategy that was first outlined in the fall of 2012, to position the Company to benefit from two major investment themes: the growth of oilfield fracking and offshore drilling applications, and the growth of the lithium ion battery industry, is now coming to fruition in 2014."

Basic engineering for the Lithium Demonstration Plant was completed by URS Corporation (Denver, USA) and K-UTEC AG Salt Technologies (Germany) in conjunction with IBU-TEC Advanced Materials AG (Germany). The design is based on running calcination and crystallization on a 24-hour basis with the rest of the process on an 8-hour basis based on the equipment sizing. It is anticipated that our lithium clay will be calcined at a rate of 12 tonnes per day and battery grade lithium carbonate will be extracted at a rate of 60 kg per day. During the operation, approximately 280 kg per day of fertilizer grade potassium sulphate will also be recovered as a byproduct. The plant includes all the key process equipment envisioned for the commercial facility at a size that will allow easy scale up to the commercial design.

In preparing for the Lithium Demonstration Plant, Western Lithium has conducted a verification large bulk test of approximately 1.5 tonnes at IBU-TEC calcination facility in Germany to obtain the operating profiles necessary for the calciner design. The operation was run for three days at a maximum capacity rate of 1.2 tonnes per day and indicated good correlation with the design criteria selected for the Project's NI 43-101 Prefeasibility Study. The calcine test also demonstrated good lithium extraction performance (85%-92% water leach recovery) in-line with the Prefeasibility Study.

The Lithium Demonstration Plant is intended to establish the cost competitiveness of Western Lithium's technology and potential process control advantages of extracting lithium from the lithium-rich clay, in order to attract additional funding to build the Project.

The US$1.5 million funding is part of the strategic investment by Orion (see news release dated September 23, 2013). Additional funding of US$4 million (for a total of US$22 million) remains available from Orion, pursuant to the Royalty Financing, which funds are expected to be drawn down in the next several months subject to the completion of certain corporate milestones, including the advancement of the HECTATONE™ Organoclay Plant located in Fernley, Nevada, which is scheduled for commissioning in the summer of 2014.

About the Company

Western Lithium is pursuing the opportunity to be a supplier of specialty drilling additive, HECTATONE™ and potentially other organoclays for the oil and gas industry, and in particular, to support the growth of high pressure high temperature, deep directional drilling applications. The Company is also developing its Kings Valley, Nevada lithium deposit into a strategic, scalable and reliable source of high quality lithium carbonate. The Company is positioning itself as a major U.S.-based supplier to support the rising global demand for lithium carbonate that is expected from the increased use of hybrid/plug-in and electric vehicles. Orion Mine Finance (Master) Fund I LP is the Company's largest shareholder holding a 19.9% interest.

The scientific and technical information in this release has been reviewed and approved by Dennis Bryan, Senior Vice President of Development, a Qualified Person under the terms of NI 43-101. The Company has prepared a NI 43-101 compliant technical report for the Kings Valley project, entitled "Preliminary Feasibility Study Kings Valley Lithium Project Humboldt County, Nevada", dated January 27, 2012, which is available under the Company's SEDAR profile at **www.sedar.com**.

Forward-looking statements

Statements in this release that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed here and elsewhere in the Company's periodic filings with Canadian securities regulators. When used in this document, the words such as "expected", "planned", "forecast", "scheduled" "targeting" and similar expressions are forward-looking statements. Information provided in this document is necessarily summarized and may not contain all available material information.

Statements in this release that constitute forward-looking statements or information include, but are not limited to (i) the commencement of HECTATONE™ product sales in 2014; (ii) the commencement and completion of construction of the organoclay plant; (iii) the completion of the Lithium Demonstration Plant; and (iv) securing additional financing required for the completion, start-up and operation of both organoclay plant and Lithium Demonstration Plant.

All such forward-looking information and statements are based on certain assumptions and analyses made by Western Lithium management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. These statements, however, are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information or statements. Important factors that could cause actual results to differ from these forward-looking statements include those described under the heading "Risks Factors" in the Company's most recently filed MD&A. Readers are cautioned not to place undue reliance on forward-looking information or statements.

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