LithiumAmericas

NEWS RELEASE

Western Lithium Pre-Feasibility Study Indicates $550 Million NPV and Supports Low Cost Lithium Production in Nevada

12/14/2011

RENO, NEVADA--(Marketwire - Dec. 14, 2011) - Western Lithium USA Corporation (TSX:WLC)(OTCQX:WLCDF) ("Western Lithium" or the "Company") is pleased to announce the completion of a positive Pre-feasibility Study for its wholly-owned Kings Valley Lithium Project in Nevada, USA. Two scenarios were evaluated: A startup scenario based on mining and processing ore at a design throughput rate of 2,100 tonnes per day (13,000 tonnes per annum lithium carbonate), and a full production scenario to double production four years after startup (26,000 tonnes per annum lithium carbonate). The study demonstrates that the project could produce lithium carbonate at an estimated average cash cost, net of by-product credits, of $968 per tonne once full production of 26,000 tonnes per year lithium carbonate is achieved. Initial startup capital, including contingency is expected to be approximately $248 million. Incremental development capital to double lithium carbonate production to 26,000 tonnes per year is estimated at approximately $161 million. Sustaining capital of $40 million including contingency, is primarily composed of surface mine equipment, expansions of dry stack tailings and surface water management, and mine closure.

The study was undertaken by a collaboration of independent industry specialist firms including Tetra Tech, Inc. (Tt), Reserva International, LLC and K-UTEC AG Salt Technologies (K-UTEC). The study has been prepared in accordance with Canadian securities National Instrument 43-101 and Form 43-101F1 regulatory requirements. All amounts are stated in US dollars, unless otherwise indicated.

Project highlights for nominal production of 26,000 tonnes per year lithium carbonate:

- Pre-tax Net Present Value (NPV) of $552 million with an Internal Rate of Return (IRR) of 24% at an 8% discount rate;

- Operating cash costs, net of by-product credits, of $968 per tonne of lithium carbonate;
- Cash operating costs distributed between the individual products are: lithium carbonate $3,011 per tonne, potassium sulfate $87 per tonne, sodium sulfate $36 per tonne;
- Total cash operating costs per tonne (excluding credits) for lithium carbonate are $3,472 per tonne lithium carbonate;
- Once full lithium carbonate production of 26,000 tonnes per year is achieved, average annual cash flow is projected to be $124 million per year;
- Nominal production of by-product potassium sulfate and sodium sulfate of 90,000 and 100,000 tonnes per year, respectively;
- 20 year mine life, processing 25.5 million tonnes of ore at an average grade of 0.40% lithium using a 0.320% cut-off grade;
- Initial annual production of 13,000 tonnes lithium carbonate, increasing to 26,000 tonnes in year four;
- Nevada supports a large diversified mining industry;
- The project benefits from established infrastructure including road access, power supply and a local water source;
- Based on commodity prices of $6,000 per tonne lithium carbonate, $600 per tonne potassium sulfate, and $75 per tonne sodium sulfate;
- Overall recoveries are expected to be 87.2% for lithium, 77.7% for potassium and 82.7% for sodium.

Under the startup scenario, lithium carbonate production is expected to commence in 2015 at an annual rate of 13,000 tonnes per year. Full production of 26,000 tonnes per year is planned four years after initial startup, if demand for lithium increases.

Jay Chmelauskas, President of Western Lithium, stated, "As an electric car owner, the move to automobile electrification now seems obvious and imminent. Our deposit in Nevada has the potential to make the USA self sufficient in Lithium to support up to one million electric vehicles per year. Production of lithium in Nevada not only has the benefit of long-term mining and chemical industry jobs, but also has the potential to support downstream technology and manufacturing jobs in America. Lithium is the enabling metal for electric transportation."

Mr. Chmelauskas continued, "Upcoming key milestones for the Company include; submission of the Plan of Operations to the Bureau of Land Management initiating the formal permitting process (Q1 2012), starting construction of a lithium carbonate demonstration plant, and commencing work on a definitive feasibility study in 2012. We believe that there is a strong future for electrification and that the Stakeholders of Western Lithium and Nevada can strongly benefit and profit from this industry."

Project Overview

The Project is located in Humboldt County, Nevada, USA approximately 100 km north-northwest of Winnemucca along U.S. Highway 95 to Orovada and then 40 km west-northwest of Orovada, Nevada on paved State Highway 293. WLC has claims that encompass five areas of lithium mineralization. These five areas are covered by 1,049 Federal unpatented claims over an area of 8,480 hectares.

Lithium ore and waste rock will be extracted via an open-pit mine operation using end-dump haul trucks, hydraulic shovels, and a Wirtgen surface miner. Waste rock will be mined with a shovel/truck combination, while ore will be mined with the Wirtgen unit and direct loaded into haul trucks.

Mineral Reserves

Kings Valley Ore Reserves at 0.320% Lithium Cut-off				
Category	Tonnes (millions)	Lithium (%)	Potassium (%)	Sodium (%)
Proven	14.937	0.400	3.850	1.370
Probable	12.198	0.388	3.930	1.360
Total	27.135	0.395	3.880	1.360

Note: 95% Mine Recovery Factor Applied. Please see the Company's additional disclosure of risks and uncertainties surrounding potassium and sodium in its continuous disclosure filings.

The reserve estimate takes into consideration all geologic, mining, processing, and economic factors, and is stated in accordance with Canadian securities NI 43-101 and Form 43-101F1.

A National Instrument 43-101 compliant technical report will be filed within 45 days of this announcement.

Qualified Person

The Pre-Feasibility Study was supervised by Randolph P Schneider of Tetra Tech, Inc. He is a Qualified Person as defined by NI 43-101, and is independent of the Company, as defined by Section 1.5 of NI 43-101. Mr. Schneider has reviewed and approved the scientific and technical data in this news release.

Edwin C. Lips, PE, of Tetra Tech, Inc. was responsible for mine planning and the ore reserve estimate. He is a Qualified Person as defined by NI 43-101, and is independent of the Company, as defined by Section 1.5 of NI 43-101.

Western Lithium is developing the Kings Valley, Nevada lithium deposit into potentially one of the world's largest strategic, scalable and reliable sources 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/electric vehicles.

Forward-Looking Statements

Certain of the statements made and information contained herein, including the mine plan, costs, financial estimates and other conclusions in the Pre-feasibility Study, the reserve estimates themselves, the timing of the commencement of development and commercial production, the completion of milestones necessary to commence commercial production, is "forward-looking information" within the meaning of the Ontario Securities Act. Forward-looking information is subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking information, including, without limitation, risks and uncertainties relating to commodity price fluctuations; uncertain political and economic environments; changes in laws or policies, delays or the inability to obtain necessary governmental permits, risks inherent in mine planning and development such as cost overruns, metallurgical and recovery factors and financing risks; risks associated with the estimation of mineral resources and reserves and the geology, grade and continuity of mineral deposits; the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses, and other risks and uncertainties, including those described in our Annual Information Form and each management discussion and analysis. Forward-looking information is in addition based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of lithium; appropriate equipment and sufficient labour and that the political environment where the Company operates will continue to support the development and operation of mining projects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking information. Accordingly, readers are advised not to place undue reliance on forward-looking information. The Company does not assume any obligation to update forward looking statements except to the extent required by applicable securities laws.

Contact Information:

Western Lithium USA Corporation
Brian Bergot
Investor Relations
604-331-9842
info@westernlithium.com
www.westernlithium.com