LithiumAmericas

NEWS RELEASE

Western Lithium Provides Update on Commercial Clay and Lithium Strategy

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RENO, NEVADA--(Marketwire - Sept. 14, 2012) - Western Lithium USA Corporation (TSX:WLC)(OTCQX:WLCDF) (the "Company" or "Western Lithium") is pleased to announce that it is continuing to advance its commercial clay strategy with the goal of becoming a specialty supplier of Hectorite clay based drilling additives to the oil and gas industry. Over the past several years, the oil and gas industry has seen strong growth from unconventional shale gas drilling in the USA. Hectorite clay based drilling additives are particularly applicable for unconventional shale drilling due to their thermal and gelling properties that can improve performance when developing deep deposits that require horizontal drilling. Last year, Western Lithium commissioned a well-equipped clay laboratory in Nevada, and has been developing formulations of gel and organoclay drilling additives to meet Association of Petroleum Institute industry standards. To make gel and organoclay, the Company's Hectorite clay must be processed using an extruder and combined with several additives. Gel typically sells for FOB shipping point US$90 to $130 per short ton and organoclay sells in a range of US$2,000 to $4,500 per short ton, depending on performance.

Western Lithium has completed pilot testing of several hundred pounds of gel and organoclay and will begin to identify certain buyers to test the performance of the products for indicative pricing and volumes. The Company believes that it can make a premium product using a cost effective dry processing method. In addition, the Company has initiated discussions with both existing producers, and potential process manufacturers, and is investigating possible sites to establish a dedicated plant.

"Our commercial clay strategy is envisioned as a low capital opportunity to generate cash flow by selling specialty drilling additives to service a growing shale drilling industry. Our business plan is designed to sustain and complement our efforts to advance our lithium project," said Jay Chmelauskas, President and CEO of Western Lithium. "We believe that we are at the forefront of a global shift towards development of cleaner, cheaper new

energy resources using unconventional drilling technology. We are positioning the Company to have exposure to two transformational industries; the electrification of transportation using lithium ion batteries and development of new domestic-based and international energy sources from shale."

The Hectorite clay is located on the Company's wholly owned Kings Valley Lithium deposit in Nevada, and extraction of the clay would not be expected to impact future lithium project development. The Company continues to seek a strategic partner to fund the next stage of its lithium mine development. The recently announced US$724M acquisition of Talison Lithium Ltd. by Rockwood Holdings Inc. supports the Company's position that the lithium market fundamentals remain positive and future demand will support new production entrants. The Company believes that the main lithium demand driver will be from the adoption of hybrid and electric vehicles in the coming years. Western Lithium is strategically located in Nevada, USA, to serve domestic markets and exports to Asia.

Unconventional drilling technology using deep directional drilling and hydraulic fracking techniques has been developed over the past twenty years. Over the past decade, commercial natural gas and oil production has been established in significant shale basins within the USA. Development efforts have increased significantly over the past several years and natural gas from unconventional drilling now accounts for over 23% of natural gas production within the USA, according to the US Energy Information Administration. In addition, countries in Asia, South America, Africa and Europe have identified significant shale basins for potential exploration and development. According to the China National Energy Administration development five-year plan released on March 16, 2012, China announced that it intends to begin exploration and development of its shale gas resources to reach commercial production by 2015. The Company believes that continued growth of shale gas drilling in the USA combined with a global push towards developing shale gas resources will provide strong growth for Western Lithium's strategy to build a specialty drilling additives business.

Western Lithium is developing the 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/electric vehicles. The Company is also investigating the potential to be a supplier of specialty Hectorite clay drilling additives to the oil and gas industry, and in particular, to support the growth of unconventional drilling.

Forward-Looking Statements: This document includes forward-looking statements. Forward-looking statements include, but are not limited to: the potential for development of a Hectorite Clay business on the Company's Kings Valley Property; the continued growth of a hydraulic fracking industry and the use of gel and organoclay complementary to such development; the Company's ability to sell an acceptable or premium product to the lithium market and to produce a high purity and high quality lithium product for use in multiple types of lithium ion battery chemistries. When used in this document, the words such as "plan", "estimate", "expect", "intend", "may",

"likely" and similar expressions are forward-looking statements. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Important factors that could cause actual results to differ from these forward-looking statements are disclosed under the heading "Risk Factors" in the Company's Annual Information Form for the year ended September 30, 2011 which is available at **www.sedar.com**.

The TSX has neither approved nor disapproved of the contents of this press release. Neither the TSX nor its Regulation Services Provider (as that term is defined in the policies of the TSX) accepts responsibility for the adequacy or accuracy of this press release.

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