

January 12, 2010

Western Lithium's Positive Scoping Study Results Support Major USA Based Lithium Production

Reno, Nevada, USA: Western Lithium Corporation (TSX-V: WLC; PK: WLCDF) is pleased to announce the results of a National Instrument 43-101 (NI 43-101) compliant Preliminary Assessment and Economic Evaluation (PAEE) on its Kings Valley Lithium Project in Nevada, USA. The assessment was prepared by a collaboration of several major engineering firms and independent consultants.

Highlights

- Planned Stage I nominal production of 27,700 tonnes per year of lithium carbonate equivalent (LCE) and 115,000 tonnes per year of potassium sulphate (SOP).
- Stage I average revenue estimated at US\$263 million per year.
- Stage I pre-tax net present value (NPV) discounted at 8% of US\$714 million⁽¹⁾.
- Pre-tax internal rate of return (IRR) is 28%.
- Cash operating costs estimated to be US\$1,967 per tonne (US\$0.89/pound) of lithium carbonate, after potassium sulphate by-product credit.
- Initial 18 year operating life with potential scalability to expand to multiple stages.
- Total capital costs estimated to be US\$427 million.
- Chemistry and process selection indicative of high quality, low impurity product.
- Located near major transportation hubs in western United States.

"As we enter this decade, we see considerable momentum behind electric transportation using lithium-ion batteries", said Jay Chmelauskas, Western Lithium's President. "Our company is positioning itself to become a USA-based, major global supplier of high-quality lithium to meet the projected growth in demand from the electric and hybrid vehicle sector."

The PAEE, or Scoping Study, is based on the NI 43-101 compliant Stage I lithium resource and supports a nominal production rate of 27,700 tonnes per year of lithium carbonate equivalent (LCE) for approximately 18 years. The proposed production rate compares favorably with the top two global LCE producers, both located in South America, that reported production of 32,600 tonnes and 22,500 tonnes of LCE in 2008, respectively. In addition, the study indicates the potential to produce a nominal 115,000 tonnes per year of by-product potassium sulphate (SOP), primarily used as agricultural fertilizer. The proposed project is expected to compete as a low-cost LCE producer with an estimated cash operating cost of US\$1,967 per tonne (US\$0.89/pound) LCE net of SOP by-product credit, under base case economics (cash operating costs estimated to be US\$4,463 per tonne LCE with cash credit of (US\$2,496) per tonne LCE derived from the sale of by-product potassium sulphate). The company notes, however, that no reliance should be placed on its current ability to sell the potassium sulphate by-product, as a result of

imprecision in the United States Bureau of Land Management's (BLM) regulatory process for allowing the company's sale of the by-product. The company is proposing to pursue a negotiated contractual or regulatory resolution of this issue with the BLM.

For the Stage I development, the base case economic analysis, using a price of US\$6,614 per tonne of LCE, and a price of US\$600 per tonne of SOP, indicates a pre-tax net present value (NPV) discounted at 8% of US\$714 million. The projected pre-tax internal rate of return (IRR) is 28%. Average revenue for Stage I is estimated at US\$263 million with pre-tax nominal cash flow (EBITDA) of approximately US\$130 million. Capital costs, estimated to be US\$427 million, have a payback period of 4 years.

Western Lithium's Kings Valley property has one of the largest known lithium deposits in the world, based on a historical resource estimate done by Chevron Resources of 11 million tonnes of LCE⁽²⁾. The NI 43-101 compliant PAEE results for Stage I considers only 8% of the historical near-surface lithium deposit. Successful development of Stage I will allow the company to consider further expansion of production to meet anticipated growth of the lithium-ion battery industry. In December 2009, drilling was completed on the Stage II lithium historical resources and results are expected later in 2010. The company believes that its Nevada property has the potential to become a major USA-based global supplier of high quality lithium carbonate that can economically compete with other global producers of LCE.

Following the positive results of the PAEE, Western Lithium is now planning to proceed with further engineering and pilot plant studies to advance the project to prefeasibility. These studies are expected to be funded from the existing treasury. Western Lithium has approximately US\$ 20 million in cash and no debt. The company is in discussions with various major lithium buyers to define product quality specifications, long-term supply requirements and expects to work with these groups through the piloting program.

- (1) *The preliminary assessment is preliminary in nature, and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.*
- (2) *A qualified person has not done sufficient work to classify the historical estimate as current mineral resources, Western Lithium is not treating the historical estimate as current mineral resources and the historical estimate should not be relied upon. The Chevron Resources historical resource estimate of 11 million tonnes of LCE is at average grades ranging from 0.31% to 0.37% Li, March 1985. There is insufficient information regarding the categories used in the historical estimates to make a meaningful comparison to current resource categories under CIM Definition Standards of Mineral Resources and Mineral Reserves.*

Project Location

The Kings Valley property is located approximately 100 kilometers north-northwest of Winnemucca, Nevada, along U.S. Highway 95 and 40 km west-northwest of Orovada, Nevada, on paved state highway 293 with railroad access located in Winnemucca.

The project has the advantage of leveraging off an active mining industry in the Winnemucca area, with developed infrastructure and an experienced work force. Adequate

electrical power is available and currently there is a 115 kVA power line that passes through the property. Water is available in the region and can be sourced from one of the nearby valleys. A major natural gas pipeline is located approximately 32 km to 60 km from the project site.

Mineral Resource Estimate

The Kings Valley lithium deposits occur in five areas of lithium mineralization (lenses) which are found in hectorite, a lithium-bearing clay mineral that occurs in thick, apparently continuous accumulations.

The Stage I mineralization on which the PAEE is based is the southernmost lens in the area of interest. The Stage I mineralized area is about 3 km by 2 km.

AMEC carried out lithium and potassium mineral resource estimates for the Stage I Lens, which forms the basis for this PAEE. The estimate conforms to Canadian National Instrument 43-101, *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators.

The initial lithium estimate was completed in December 2008 and has an effective date of December 15, 2008. That estimate was reported in an NI 43-101 technical report filed on SEDAR (AMEC, 2008) and is restated here. The potassium estimate was completed in November 2009 and has an effective date of November 15, 2009. The potassium estimate is based on data generated by reanalyzing the Western Lithium core samples for major elements (including K₂O which is converted to potassium sulphate for the estimate).

The resource for Stage I has been classified as both an indicated and inferred mineral resource as defined by CIM Definition Standards. The following table presents the summary of lithium and potassium mineral resources at various cut-off grades. The potassium grade is presented at the lithium cut-off, as the potassium resource is considered a by-product of the lithium resource. The lithium and potassium resources are both within the same block model.

Kings Valley Indicated Mineral Resources

Kings Valley PCD Lens Indicated Mineral Resources, 0.20% Lithium Cutoff*						
Cutoff Li %	MTonnes	Li %	Li ₂ CO ₃ %	K %	Contained Lithium, k-tonnes	Contained Potassium, k-tonnes
0.175	59.58	0.25	1.35	3.28	151	1,954
0.200	48.10	0.27	1.43	3.31	129	1,592
0.225	35.68	0.29	1.54	3.41	103	1,213
0.250	25.77	0.31	1.64	3.57	80	919
0.275	18.24	0.33	1.74	3.69	60	672
0.300	12.42	0.35	1.84	3.76	43	466

Kings Valley Inferred Mineral Resources

Kings Valley PCD Lens Inferred Mineral Resources, 0.20% Lithium Cutoff*						
Cutoff Li %	MTonnes	Li %	Li ₂ CO ₃ %	K %	Contained Lithium, k-tonnes	Contained Potassium, k-tonnes
0.175	53.95	0.25	1.34	3.24	136	1,745
0.200	42.32	0.27	1.43	3.26	114	1,382
0.225	30.36	0.29	1.55	3.38	89	1,025
0.250	20.93	0.32	1.69	3.53	66	739
0.275	15.88	0.33	1.78	3.60	53	571
0.300	10.35	0.36	1.91	3.69	37	381

* Inferred tonnes within 213 meters of nearest drill hole; indicated tonnes two drill holes within 201 meters, one within 143 meters.

Contained metal does not allow for mine and metallurgical recovery.

1.8 tonnes/m³ tonnage factor used.

Economic assumptions for cutoff grade: \$3.50 lithium carbonate /lb, 60% metallurgical recovery, \$50/tonne processing, \$2.20 USD/tonne mining.

Rounding errors may exist.

Mining Operations

The operation is planned as an open-pit operation using conventional truck/shovel mining methods. The strip ratio is 2.42:1. The life-of-mine (LOM) plan shows a total of 32 million tonnes of mill feed and 78 million tonnes of waste over an 18-year mine operating life at a cut-off grade of 0.270% lithium.

In-pit Mineral Resources Estimate

Item	Total/Average
In-pit indicated resources	17,612,000 tonnes (dry basis)
In-pit inferred resources	14,547,000 tonnes (dry basis)
Lithium (Li), ppm	3,292
Potassium (K), ppm	35,963
Waste	77,910,000 tonnes (dry basis)
Strip Ratio	2.42
Li ₂ CO ₃ equivalent at 88.5% recovery	499,000 tonnes
K ₂ SO ₄ equivalent at 80.5% recovery	2,074,000 tonnes

Metallurgical Testing

Metallurgical test work was performed at Kappes, Cassidy & Associates on samples from the King's Valley lithium deposit by various researchers. The design concept of Western Lithium's proposed facility is based in principle on the U.S. Bureau of Mines (USBM) report, *Lithium and Its Recovery from Low-grade Nevada Clays* (USBM Bulletin 691, 1988). USBM performed laboratory tests on the clays obtained from the McDermitt Caldera, the same ore body discussed in this news release. The KCA test work confirmed that the USBM process for recovery of lithium from this deposit is technically viable.

The preferred processing concept was performed on composite of both the oxidized and unoxidized ore types of the deposit. This includes calcining of the ore with a mixture of limestone and gypsum, followed by water leaching to recover soluble lithium and other alkali sulphates. The following weighted average recoveries on the combined ore types were based on laboratory data and mass balance calculations:

- ◆ Lithium: 88.5%
- ◆ Potassium: 80.5%

Mineral Processing

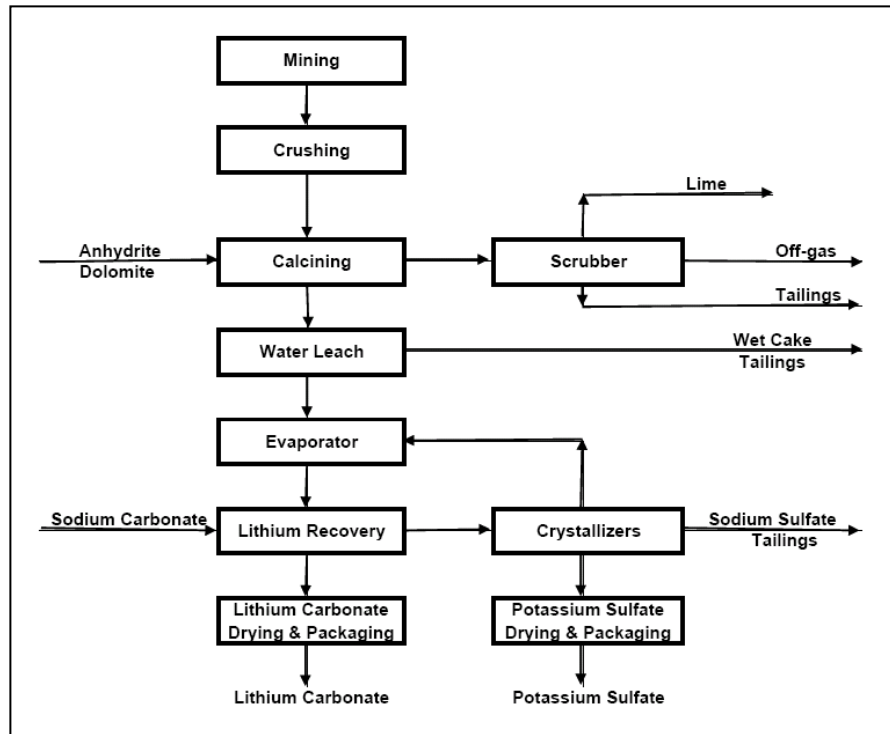
The process steps in the selected flow sheet; drying, calcining, leaching, and lithium carbonate recovery; employ conventional, proven technologies and equipment. The crystallization process is based on industry published solubility data.

The key process step in this operation is a conversion of lithium (and other alkali metals) contained in the deposit from silicates to water-soluble sulphates employing a high temperature calciner by the addition of calcium sulphate. The advantage of this process is that the impurities in the ore remain insoluble, thus simplifying downstream recovery and refining process. The hot calcine is cooled by ambient air in a fluidized bed cooler. To further maximize the energy efficiency of the process, the remaining calciner off-gas is used in the waste heat boiler to produce steam.

The discharge solution from the lithium recovery process contains potassium and sodium sulphates and a significant amount of dissolved lithium. The primary objective of this crystallization process is to recover potassium sulphate as a marketable product.

The PAEE considers the preparation of an intermediate product, glaserite ($3 K_2SO_4 \cdot Na_2SO_4$), followed by a direct crystallization and drying of potassium sulphate. This process has not been demonstrated commercially on this type of feed stock, but published solubility data indicate that the process is technically viable (Seidell, 1965).

Simplified Block Flow Diagram



Process Plant and Infrastructure Capital Cost

The capital cost estimate prepared for the metallurgical process facilities addresses a greenfield plant capable of processing 5,000 tonnes/day of ore (dry basis). The total cost to design, procure, construct, and commission the plant facilities is US\$388 million with an accuracy of +/-35 percent AACE Class 5 estimate. The following table summarizes the process plant capital costs by major area.

These costs were determined using the consultants' in-house database and from soliciting budget price proposals for new equipment. The cost of the natural gas pipeline for the study was estimated by Southwest Gas Corporation. The cost of the Clay Production Facility was provided by JP Process Consulting.

Capital Cost Estimate Process Plant

Description	COSTS (US\$000s)
Direct Costs	
Area 100 – Ore Crushing and Storage	\$7,807
Area 200 – Calcining and Leaching	\$89,115
Area 300 – Evaporation / Crystallization	\$81,413
Area 400 – Product Precipitation, Drying, Packaging and Storage	\$7,289
Area 500 – Reagents and Utilities	\$12,694
Liquid Tailings Impoundment	\$2,572
Natural Gas Pipeline	\$6,600
Clay Production Facility	\$6,930
Total Direct Cost	\$214,420
Indirect Costs	
Field Staff, Local Hires, Overhead, and Expenses	\$40,369
Craft Indirect Costs	\$32,295
Temporary Facilities	\$8,074
Construction Equipment, Tools, Supplies, Scaffold	\$15,617
Total Indirect Cost	\$96,355
Engineering (Home Office)	\$22,764
Freight, Duties and Taxes	\$11,350
Contingency	\$42,884
TOTAL	\$387,773

Open-pit Mine

Mine capital equipment costs are from both the consultants' in-house database and from soliciting budget price proposals for new equipment and are in fourth quarter 2009 US\$. The open pit equipment capital costs required to achieve the target processing rate is estimated to be US\$39 million.

Mine Equipment Capital Spending Summary (US\$000s)

Major Mining Equipment Capital	Total
Liebherr 984 Excavator	\$5,060
Cat 992 FEL	\$2,026
Cat 775 Truck	\$7,762
Cat 637 Scraper	\$2,484
Cat D8N Track Dozer	\$5,527
Cat14G Grader	\$1,035
Cat 988 FEL	\$805
Cat773 Water Truck	\$2,588
Cat773 Lube Truck	\$1,955
Light Plants	\$167
Subtotal Capital on Fleets	\$29,409
Mine Infrastructure and Ancillary Support Capital	\$9,628
TOTAL CAPITAL SPENDING	\$39,037

Operating Cost Estimate

The operating costs have been prepared for a plant processing 5,000 tonnes/day of ore. The total combined operating cost for the mine and process facilities are presented below.

Project Cost Summary

Description	Unit Cost* (US\$/Li tonnes)
Mining–Open Pit	\$566.57
Processing	\$3,767.17
Other	
Owner's Costs	\$129.17
Royalties	\$370.66
Capital Depreciation	\$846.18
TOTAL	\$5,679.75

The operating cash cost per tonne of LCE is estimated to be US\$1,967 net of by-products and is calculated as follows:

Operating Cash Cost Calculation

Description	US\$/Li tonnes
Mining–Open Pit	\$566.57
Processing	\$3,767.17
Owner's Costs	\$129.17
SOP Credit*	\$(2,496.00)
Lithium Carbonate Cash Cost Equivalent	\$1,966.91

* Potassium Revenues/LCE Production

Cash Flow Analysis

Estimated nominal annual revenues for the Stage I project using base case prices of US\$6,614 per tonne for LCE and US\$600 per tonne for SOP are summarized as follows:

- Lithium carbonate (LCE): \$183.2 million (70%)
- Potassium sulphate (SOP): \$69.1 million (26%)
- Clay: \$11.2 million (4%)

The project has a pre-tax net present value (NPV) of US\$714 million and an after-tax NPV of US\$435 million at 8% discount rate. Simple payback occurs in year 4 in both cases. The Internal Rate of Return (IRR) is 28.1% for the pre-tax case and 22.8% for the after-tax case. The following table presents calculated pre-tax NPV for various prices of lithium carbonate and potassium sulphate at 8% discount rate.

Project Net Present Value—Pre-tax (8% Discount Rate)

Note: NPV values are in millions, US\$714 million is the base case.

Lithium Carbonate - (\$/tonne)	\$10,000	\$876	\$971	\$1,065	\$1,159	\$1,254	\$1,348	\$1,443	\$1,537	\$1,631	\$1,726
	\$9,000	\$662	\$756	\$850	\$945	\$1,039	\$1,134	\$1,228	\$1,322	\$1,417	\$1,511
	\$8,000	\$447	\$541	\$636	\$730	\$824	\$919	\$1,031	\$1,108	\$1,202	\$1,296
	\$7,000	\$231	\$326	\$420	\$515	\$609	\$703	\$798	\$892	\$986	\$1,081
	\$6,614	\$147	\$242	\$337	\$431	\$525	\$620	\$714	\$808	\$903	\$997
	\$6,000	\$12	\$108	\$203	\$298	\$392	\$486	\$581	\$675	\$769	\$864
	\$5,000	(\$210)	(\$113)	(\$17)	\$79	\$174	\$268	\$363	\$457	\$551	\$646
	\$4,000	(\$437)	(\$339)	(\$243)	(\$146)	(\$50)	\$46	\$141	\$236	\$330	\$424
	\$3,000	(\$671)	(\$572)	(\$473)	(\$374)	(\$277)	(\$181)	(\$84)	\$12	\$107	\$201
		\$0	\$100	\$200	\$300	\$400	\$500	\$600	\$700	\$800	\$900
	Potassium Sulphate - (\$/tonne)										

Environmental Considerations and Community Involvement

Western Lithium is working with federal, state and local agencies that regulate mining activities in Nevada. These agencies include, but are not necessarily limited to, the following federal agencies: U.S. Bureau of Land Management (BLM), U.S. Environmental Protection Agency (EPA), U.S. Army Corps of Engineers, and the state’s Bureau of Mining Regulation and Reclamation (BMRR), Nevada Division of Environmental Protection (NDEP) and Humboldt County.

A Plan of Operation (POO) has been submitted to the U.S. Bureau of Land Management (BLM) and the Nevada Department of Environmental Protection (NDEP) in May 2008 for an extensive drilling and trenching exploration program to further delineate the resources of the PCD Lens. That action included an Environmental Assessment. A revision to the POO was filed on November 10, 2009. This permit is pending, with approval anticipated in

January 2010. No environmental liabilities are known to exist at the Kings Valley project site.

During the permitting process, including agency review and public notice, the nearby communities will be involved as project information is developed and potential environmental impacts are identified.

Report Filing

The complete report will be filed on SEDAR at www.sedar.com and at www.westernlithium.com within 45 days.

Qualified Person

John Ajie is the Principal Author and the Qualified Person (QP) for the preparation of the mine plan, mineral processing, environmental as well as all cost estimates and financial analysis sections of this release, has reviewed the technical information related thereto and coordinated the assembly of the overall PAEE. Mark Hertel is the QP for the preparation of mineral resources and has reviewed the technical information in this release. Dan Kappes is the QP for the Metallurgical section of this release and has reviewed the technical information in this release.

Conversion Factors Used for Lithium Compounds

To convert from Lithium (Li):	To Lithium Carbonate (Li ₂ CO ₃) multiply by 5.323	To Lithium Oxide (Li ₂ O) multiply by 2.153	To Lithium Hydroxide Monohydrate (LiOH.H ₂ O) multiply by 6.04
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Conference Call and Webcast

Western Lithium will host a conference call to discuss the results of the scoping study today, Tuesday, January 12, 2010. The conference call and webcast details are as follows:

Date: Tuesday, January 12, 2010
 Time: 4:30 p.m. eastern time, 1:30 p.m. pacific time
 Webcast: www.westernlithium.com
 Dial in: 1-416-340-8018 or toll-free 1-866-223-7781
 Replay: 1-416-695-5800 or toll-free 1-800-408-3053
 Replay Passcode: 3211655

The conference call replay will be available until midnight (eastern time) on January 26, 2010. An archived audio webcast of the call also will be available on Western Lithium's website.

Western Lithium is developing the Kings Valley, Nevada lithium deposit into potentially one of the world's largest⁽³⁾ 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 mobile electronics and hybrid/electric vehicles.

For further information contact:

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Forward Looking Statements

Certain of the statements made and information contained herein 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 risks inherent in mining including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding; 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; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour or interruptions in production; 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, commodity price fluctuations; uncertain political and economic environments; changes in laws or policies, delays or the inability to obtain necessary governmental permits; and other risks and uncertainties, including those described in 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.

(3) Western Lithium has completed a National Instrument 43-101 resource estimate for the envisioned initial stage of development. The current resources are part of the historical estimate of 11 million tonnes of lithium carbonate equivalent (LCE) prepared by Chevron Resources and ranks in size behind deposits in Chile (32 million tonnes LCE), Bolivia (29 million tonnes LCE), North Carolina (14 million tonnes LCE) and the DRC (12 million tonnes LCE). Source: Roskill Information Services Ltd., R. Keith Evans, National Research Council and Western Lithium estimates. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources under National Instrument 43-101, the Company is not treating the historical estimate as current mineral resources and the historical estimate should not be relied upon.

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