

# Lithium Americas and POSCO Execute Heads of Agreement Defining Basic Conditions of Joint Venture for the Development of the Cauchari-Olaroz Lithium Project

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TORONTO, Aug 27, 2015 - [Lithium Americas Corp.](#) (TSX:LAC) ("LAC" or the "Company") is pleased to announce that it has executed a Heads of Agreement ("HOA") with POSCO regarding the commercialization of the Company's Cauchari-Olaroz lithium project in Jujuy Province, Argentina. As previously reported, POSCO and LAC's decision to commercialize the Cauchari-Olaroz lithium project (the third largest known lithium brine resource in the world) is based on the successful results surrounding the operation of POSCO's innovative high efficiency lithium extraction demonstration plant (the "Demo Plant"). The Demo Plant, with an operating capacity of 200 tonnes per year of lithium carbonate equivalent ("LCE"), was inaugurated at the LAC Cauchari project site on December 19, 2014 and achieved full and continuous operating rates throughout a test period that ended in late January, 2015. During this period, over 20 tonnes of lithium compound was produced and subsequently exported to POSCO's facility in Pohang, Korea where it was further processed into battery grade lithium carbonate and lithium hydroxide. POSCO advised Lithium Americas that initial test results indicated that the Demo Plant achieved or exceeded all performance targets and that the lithium products processed in Pohang were of very high quality. POSCO claims that its high efficiency lithium extraction technology has numerous advantages compared to traditional lithium brine evaporation technology, specifically that its technology produces lithium considerably more quickly than traditional brine evaporation technology, minimizes the environmental footprint associated with large scale evaporation ponds used in traditional brine evaporation technology, and has a recovery rate which is significantly higher than traditional brine evaporation technology.

The HOA, legally non-binding and non-exclusive, provides the basic framework and conditions to establish a Joint Venture Company, which the parties expect to negotiate after completion of due diligence, and during the fourth quarter of 2015. Both parties will now commence detailed due diligence with the objective of establishing a financial model and business plan. Further details on terms such as capital investment, operating costs, product mix, economic ownership and financing responsibilities will be finalized within a Joint Venture Agreement.

At this time the parties have agreed that POSCO will contribute to the joint venture the right to use its proprietary lithium extraction technologies for the production of lithium carbonate and lithium hydroxide, while LAC will contribute the right to use brine from its Cauchari-Olaroz salar properties. The plant is expected to be producing up to 2,500 tonnes per annum by year-end 2016, and anticipates ramping up to 20,000 tonnes by year-end 2017.

POSCO has agreed to finance the capital expenditures required for the initial phase of 2,500 tonnes commercial production, ahead of the Joint Venture Company raising project financing for 20,000 tonnes.

Commenting on the HOA, the Company's Executive Chairman, Tom Hodgson, stated: "We are very pleased to execute this agreement on the eve of our merger with Western Lithium. This memorializes our joint commitment to develop a lithium project in Jujuy, Argentina and is the culmination of over two years of working together with POSCO. We would like to congratulate the many people whose hard efforts made this achievement possible including the strong support from our local partners in Jujuy, Argentina."

## Update on Proposed Merger between Lithium Americas and Western Lithium

On June 30, 2015, LAC and [Western Lithium USA Corp.](#) ("WLC") announced that they had entered into an arrangement agreement pursuant to which WLC agreed to acquire all of the issued and outstanding common shares of LAC on the basis of 0.789 of a WLC common share for each outstanding LAC common share pursuant to a statutory and court-approved plan of arrangement. The special meeting of shareholders of LAC is scheduled to be held at 2:00 p.m. (Toronto time) on Monday, August 31, 2015 to vote on, among other things, the special resolution to approve the arrangement. Completion of the arrangement is subject to, among other things, receiving the requisite shareholder, court and stock exchange approvals, and the satisfaction of other customary conditions contemplated by the arrangement agreement.

### **Cautionary Note Regarding Forward-Looking Information**

*This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation, and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively referred to as "forward-looking information"). All statements, other than statements of historical fact, may be forward-looking information. Forward looking information can be identified by the use of statements that include words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "scheduled", "implementing", "intend", "could", "might", "should", "believe" and similar words or expressions. Information provided in this news release is necessarily summarized and may not contain all available material information.*

*Forward-looking information in this news release includes, but is not limited to: information concerning the proposed business combination between Western Lithium and Lithium Americas; the business, operations and financial performance and condition of the combined company; synergies and the financial impact of the business combination; potential benefits of the business combination and the development potential of the properties of Western Lithium and Lithium Americas; expected completion and implementation of the business combination; the nature of Western Lithium's operations and Western Lithium's business outlook following completion of the business combination; plans and objectives of management for future operations; the potential to become a supplier of lithium products to battery manufacturers and a supplier of specialty drilling additive, Hectatone®8482; and potentially other organoclays for the oil and gas and other industries; timing and amount of future production; future cash costs of production, capital and operating and exploration expenditures; cash flow estimates; estimation of mineral resources and mineral reserves; development of deposits (including expansion of mineralization), mineral resources and mineral reserves; treatment under regulatory regimes; ability to realize value from Lithium America's core assets; work plans and development plans; and optimizing operating performance and costs, the effect of new technology on lithium fast production costs.*

*Forward-looking information expresses, as at the date of this news release, plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results. All such forward-looking information is based on certain assumptions, estimates, expectations, analyses and opinions made by 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. Assumptions upon which such forward-looking information is based include, without limitation: that shareholders of Western Lithium and Lithium Americas will approve the business combination; that all required third party, regulatory and governmental approvals to the business combination will be obtained and all other conditions to completion of the business combination will be satisfied or waived; the business combination will be completed; no significant event occurring outside of the ordinary course of business of Western Lithium and Lithium Americas; legislative and regulatory environment; impact of increasing competition; current technological trends; prices of lithium and potash; costs of development and production; anticipated results of exploration and development activities; Western Lithium's and/or Lithium America's ability to operate in a safe and effective manner; and ability to obtain financing on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive.*

*Western Lithium's and Lithium America's actual results, programs and financial position could differ materially from those anticipated in such forward-looking information as a result of numerous factors, risks and uncertainties, many of which are beyond Western Lithium's and Lithium America's control. These include, but are not limited to: possible variations in mineral resource and reserve estimates; grade/concentration or recovery rates; lithium or potash prices; operating or capital costs; changes in project parameters as plans continue to be refined; legislative changes that impact the operations in which Western Lithium and Lithium Americas conduct business; results of exploration activities and development of mineral properties; interpretation of geological data; receipt and security of mineral property titles; failure of plant, equipment or processes to operate as anticipated; accidents; labour disputes; the inability to obtain key personnel and parts related to operations; receipt of licenses to conduct mining activities; country and political risks; civil unrest; community relations; timing and possible outcome of pending litigation; liabilities and risks, including environmental liabilities and risks inherent in the development and production of Western Lithium's and Lithium America's properties; cost overruns or unanticipated costs and expenses; the availability of funds; currency fluctuations; general market and industry conditions; competition; the business of the companies not being integrated successfully or such integration proving more difficult, time consuming or costly than expected; failure of Lithium Americas to enter into an agreement with POSCO to put the Cauchari-Olaroz project into commercial production using POSCO's proprietary lithium and potash extraction technology; the fact that POSCO's extraction technology tested at the Cauchari-Olaroz project is secret and proprietary to POSCO and not subject to any independent economic study; risk of putting a project into*

*production without first completing a feasibility study; and delays in obtaining shareholder, governmental and regulatory approvals, as well as those factors more fully described under the heading "Risk Factors" in Western Lithium's annual information form and most recently filed management discussion & analysis, and described under the heading "Risk Factors" in Lithium America's annual information form, available on SEDAR.*

*There is no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers are cautioned not to place undue reliance on forward-looking information. Western Lithium and Lithium Americas do not intend, and expressly disclaim any obligation to, update any forward-looking information whether as a result of new information, future events or otherwise, except as, and to the extent required by, applicable securities laws.*

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