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NEWS RELEASE: 10-07

## **Lithium One Reports Favourable Drill Results from Sal de Vida Brine Project: Two Test Wells Confirm Brine-Bearing Aquifers to 60 Metres Depth**

### **Highlights**

- Two test wells yield **Lithium values of 706 mg/L** and **Potassium values of 0.58%**
- Wells developed to 60 metres depth to supply brine for 12-month evaporation tests. Deeper drill tests are pending.
- Brine-saturated sand AND salt aquifers encountered
- Favourable brine chemistry continues – low Mg:Li and sulfate to lithium ratios
- Core drill mobilized to property for discrete depth porosity and brine testing

**Lithium One Inc. (the "Company") (TSX-V: LD)**, is pleased to announce the first results from the well drilling program at the Sal de Vida Lithium Brine project at Salar del Hombre Muerto, Argentina (the "Project"). Results from the first two rotary drill holes on the Project have confirmed the presence of lithium – potassium brine-bearing aquifers to a minimum depth of 60 metres. Two test wells have been developed to supply brine for evaporation testing, pump tests, and other chemical tests. The brine concentrations averaged **706 mg/L (590 ppm) lithium** and **6,900 mg/L (0.58%) potassium**, and have a **2.1 magnesium to lithium (Mg:Li) ratio**. These results confirm a significant third dimension to surface brines sampled by Lithium One on the Project. The brine chemistry in the first test wells compares favourably to Roskill's (2009) estimates for FMC Corporation's adjacent Fénix lithium mine: 600 to 650 ppm Li and Mg:Li of 1.5.

Lithium One President and CEO, Patrick Highsmith commented, *"These latest developments have justified the launch of an accelerated program at Sal de Vida. The results from these test wells in one small portion of the basin demonstrate the significant volumetric potential of the lithium and potash-rich brines we have been sampling at surface. We have set an aggressive timeline with Korea Resources Corporation, our new partner, and we are commencing core drilling and pan evaporation tests immediately to meet that timeline."*

As announced on June 4<sup>th</sup>, 2010 (NR 10-06), Lithium One and Korea Resources Corporation ("KORES") have entered into an Evaluation Option and Joint Venture Agreement (the "Agreement"), under which KORES has the option to earn a 30% interest in the Project by funding and delivering a Definitive Feasibility Study and funding other pre-development exploration and prefeasibility activities totalling up to US \$15 million. Under the Agreement, KORES is to provide a Project Completion Guarantee, securing the debt portion of the Company's 70% share of Project development costs. The Agreement also contemplates that the parties will negotiate an off-take agreement that will grant KORES rights to purchase up to 50% of the lithium products at market prices. Additionally, KORES has entered into a memorandum of understanding with GS Caltex and LG International, which provides for each company to hold a 10% interest in the joint venture company to be formed upon exercise of the option, subject to the execution of a definitive agreement.

### **Drill Program Results**

The initial rotary drill program at Sal de Vida consisted of up to 10 rotary drill holes, targeting depths between 50 and 100 metres. The first holes were located in the southwest portion of the property, in an area referred to as the "South Basin". Two holes have been drilled to target depth and developed as test wells. Both of the test wells

penetrated near-surface, saturated, sandy aquifers; and one of the two wells encountered halite (table salt) from approximately 35 metres depth. This is the first known drill intercept of halite on the eastern side of Hombre Muerto. FMC's neighbouring Fénix lithium mine produces much of its lithium brine from thick deposits of halite.

The drilling encountered brine-saturated stratigraphy; and the wells were developed to allow sampling from discrete intervals. The use of casing and grout facilitated brine pumping from the targeted horizons in the aquifer. In the drill holes reported below, the sample intervals are from 0 to 30 metres and 30 to 60 metres. The crew pumped large volumes from each interval while measuring parameters such as density and conductivity until readings stabilized, before collecting approximately 4 to 5 litres of brine for analysis. After collecting and analyzing samples from 5 discrete depths within the upper 30 metres of the first well, the brine was shown to be well-mixed with only minor stratification over these intervals based on density. Subsequent intervals were tested with 1 to 3 larger volume samples over the 30 metre intervals. The results for the first two wells are summarized below.

		<b>Lithium (mg/L)</b>	<b>Potassium (mg/L)</b>	<b>Density (gms/cm<sup>3</sup>)</b>	<b>Mg:Li</b>
<b>SV10_03</b>	<b>0 – 30m</b>	647	6,172	1.20	2.00
<b>SV10_03</b>	<b>30 – 60m</b>	850	8,109	1.21	2.01
<b>SV10_04</b>	<b>0 – 30m</b>	633	6,045	1.16	2.04
<b>SV10_04</b>	<b>30 – 60m</b>	692	7,605	1.21	2.37

These encouraging results are being followed up with a core drilling program designed to test porosity and brine chemistry at discrete intervals in up to 30 drill holes throughout the property. A custom-modified core drill mobilized to the site June 14. The core drilling and sampling procedures will be supervised by EL Montgomery & Associates, consulting hydrologists based out of Tucson, AZ and Santiago, Chile.

Geophysical logging of selected drill holes by natural gamma, neutron, density, and/or sonic methods will follow as the reservoirs are thoroughly characterized and resources calculated.

Please refer to the Lithium One website ([www.lithium1.com](http://www.lithium1.com)) for additional discussion of these results, maps and figures portraying these data and photos from the field.

### **Quality Control**

The brine samples from Sal de Vida have been analyzed by Alex Stewart Assayers of Mendoza, Argentina by dilution and direct aspiration atomic absorption. Alex Stewart's Mendoza lab is accredited to ISO 9001:2008 and ISO14001:2004 for its geochemical and environmental labs for the preparation and analysis of different sample media, including waters and brines.

Analytical quality is monitored through the use of randomly inserted quality control samples, including standards, blanks and duplicates, as well as check assays at an independent lab. The performance of the standards, blanks, and duplicates associated with these data indicate acceptable analytical quality. Please refer to the NI 43-101 Technical Report dated March 5<sup>th</sup>, 2010, titled "Technical Report on the Sal de Vida Lithium Project, Salar de Hombre Muerto, Catamarca Argentina" and filed on SEDAR, for further discussion of quality control procedures and other information regarding the Project.

### **Project Work Plan for Third Quarter**

The systematic evaluation of the Sal de Vida Brine Project continues according to the \$15 million work program approved by the Company and its new partner, KORES. KORES is earning into the project by funding this program, retroactive to May 7, 2010 and through delivery of a definitive feasibility study in approximately 15 months.

Activities scheduled for the third quarter of 2010 include: core drilling for brine analysis and porosity testing, monitoring and sampling of the 12-month pan evaporation tests, geophysical surveys, environmental impact reporting, and an environmental baseline study.

### **Review by Qualified Person**

The contents of this news release, analytical data, and quality control procedures have been reviewed and approved by Dr. Jeffrey Jaacks. Dr. Jaacks is a Certified Professional Geologist (C.P.G.) with the American Institute of Professional Geologists (CPG# 11249) and a qualified person as defined by NI 43-101. He is an independent consultant to the Company, holding no shares or options.

### **Corporate Update**

Pursuant to the Company's stock option plan, the Company has granted 850,000 incentive stock options to directors, officers, and consultants of the company, with each option exercisable at \$1.02 per share until June 22, 2013. The options vest immediately and are subject to a four month hold period.

The Company further advises that the AGM date of July 20<sup>th</sup> has been postponed, with a new date yet to be determined.

### **About Lithium One:**

Lithium One Inc. is a Canadian-based explorer and developer of mineral properties with a specific focus on lithium. The Company has two major lithium projects: the brownfields Sal de Vida lithium brine project in Argentina and the James Bay bulk tonnage spodumene project in Quebec. Korea Resources Corporation (KORES) is earning a 30% interest in the Sal de Vida project by funding up to US\$15 million to complete a Definitive Feasibility Study, and has also provided a completion guarantee for Lithium One's share of the debt portion of the capital development costs. The Company continues to advance both its projects toward resource definition, expecting NI 43-101 compliant resource estimates during the second half of 2010. Lithium One believes that lithium demand will grow as its value as a preferred battery material is fully realized. The Company's strategy is to draw upon its quality team and employ best-practice to develop its portfolio of top-tier lithium assets.

ON BEHALF OF THE BOARD OF DIRECTORS,

Patrick Highsmith, M.Sc.  
President and Chief Executive Officer

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***Forward-Looking Statements***

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