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## **Lithium One and Korea Resources Corporation Announce Development Joint Venture at Sal de Vida Lithium Brine Project, Argentina**

### **Highlights**

- KORES to earn 30% project interest by funding up to US \$15 million towards a resource development program and delivering a Definitive Feasibility Study.
- KORES to provide Project Completion Guarantee.
- KORES to purchase up to 50% of lithium and to have certain marketing rights for lithium in China, Japan and Korea.
- Lithium One retains rights to market 100% of the future potash production.
- KORES signs MOU with GS Caltex and LG International to complete a consortium.

**Lithium One Inc. (the "Company") (TSX-V: LI)**, is pleased to announce that it has executed an Evaluation Option and Joint Venture Company Agreement (the "Agreement") establishing an earn-in joint venture with Korea Resource Corporation ("KORES") to develop the Company's Sal de Vida Lithium Brine Project in Argentina (the "Project"). KORES is the Korean government-owned mining company. Its strategic vision is to become a global top 20 mining company by 2020 through overseas expansion.

KORES has the option to earn a 30% interest in the Sal de Vida Project (the "Option") by funding and delivering a Definitive Feasibility Study and funding other pre-development Exploration and Prefeasibility activities totalling up to US \$15 million. KORES has also agreed, upon exercise of the Option, to provide a Project Completion Guarantee, securing the debt portion of Lithium One's 70% share of Project development costs. The Agreement provides for the parties entering into a marketing agreement pursuant to which KORES may market lithium products produced from the Project in China, Japan and Korea on behalf of the joint venture and Lithium One may market potash products produced from the Project worldwide. 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.

KORES has the right to assign any or all of its interest in the joint venture to GS Caltex Corporation ("GS Caltex") and/or LG International Corp. ("LG International"). In this regard, KORES has entered into a memorandum of understanding with GS Caltex and LG International setting out the terms pursuant to which KORES, GS Caltex, and LG International will each hold a 10% interest in the joint venture company to be formed upon exercise of the Option. GS Caltex is one of the largest energy companies in Korea and is jointly owned by GS Holdings and Chevron. LG International is a trading company and also specializes in natural resources exploration and development projects. The addition of GS Caltex and LG International to the joint venture is subject to the parties executing a binding agreement.

Martin Rowley, Chairman of Lithium One commented on the implications of the arrangement: *"This is a landmark agreement for Lithium One that confirms Sal de Vida as a world-leading lithium and potash brine project. KORES have completed extensive due diligence before entering into this arrangement, confirming the quality of the Project and our management team. A key component of our strategy has been to secure a major joint venture partner with the financial, technical and commercial strength and expertise to work with us to*

*jointly develop Sal de Vida. The Korean consortium of KORES, GS Caltex, and LG International far exceeds our expectations in this regard. This consortium will yield significant dividends during the feasibility stage by providing expertise and input into our further understanding of end-user demand and product specification requirements of the high quality lithium market. With our Korean partners, our team now has all the resources necessary to ensure delivery of an outstanding new operation that can supply a low-cost product to the global battery market in a timeframe to meet the rapidly growing demand for lithium battery packs for electric and hybrid vehicles.”*

South Korea imports 97% of its energy and mineral resources, therefore the development of stable long-term supplies is a key strategy for the nation’s economic development. A key component of KORES’s vision to become a global top 20 mining company by 2020 is participation in world class overseas resource development projects with suitably qualified strategic partners. Korea has designated lithium as a strategic raw material for its economic growth and is home to numerous multi-national companies that require lithium, many of which are involved in its rapidly growing automotive sector and newly emerging electric and hybrid vehicles.

Lithium One President and CEO Patrick Highsmith summarized the benefits of working with KORES: *“This Agreement with KORES is part of Lithium One’s strategy to target top-tier projects, de-risk them with first class execution in the field and define a clear path to production. A key component of that strategy was to secure a major partner and our Board is pleased to be working with the Korean government and its end user and technology partners. KORES is a well-respected mining group with extensive relationships in Korea and globally. We look forward to working with them to build Sal de Vida into a new customer-focused and low-cost lithium producer. This contract gives KORES direct exposure to what we expect will be a reliable, low- cost and high quality source of lithium and it provides Lithium One with access to world class lithium battery manufacturers and the credibility of a long term supply relationship between the Company and its joint venture partners.”*

## **JOINT VENTURE**

Lithium One and KORES will seek to jointly develop the Sal de Vida Lithium Brine Project. Lithium One will operate the joint venture. KORES will fund 100% of the budget for exploration, prefeasibility and feasibility studies up to US \$15 million. The earn-in period spans the forecast budget timeline of approximately 15 months required to deliver the feasibility study and is retroactive to project expenditures incurred by Lithium One since May 7, 2010.

Upon delivery of the Definitive Feasibility Study, the parties will form a joint venture through an Argentina company (the “JV Company”) with equity interests of 70% Lithium One, 30% KORES. As noted above KORES may assign 10% of its equity interests to each of GS Caltex and LG International. The JV Company will have a mandate to develop and operate a new lithium and potash mine at the Sal de Vida. The operation of the JV Company will be governed by the terms of a shareholder agreement (the “Shareholder Agreement”) that has been negotiated between the parties. KORES will provide a Completion Guarantee for Lithium One’s share of the debt portion of the capital development costs.

KORES has agreed to fund expenditures retroactively to May 7, 2010 once the registration of Lithium One’s shareholding in its Argentina subsidiary has been completed.

## **OFFTAKE AND MARKETING**

KORES will have the right and obligation to purchase 30% of the lithium products produced from the Project at market prices. KORES will also have a right of first offer to purchase an additional 20% of the lithium products from the Project.

Marketing of the lithium, potash and boron products from Sal de Vida will be undertaken by the JV Company under a sales agency agreement. KORES will have the right to become the sole sales agent for lithium products

in the Chinese, Japanese and Korean markets, while Lithium One will have the right to become the sole sales agent for potash and boron products worldwide.

The transactions contemplated by the Agreement, including a finder's fee payable by Lithium One, are subject to customary conditions including, without limitation, the approval of the TSX Venture Exchange.

Harp Capital, based in Toronto, Canada, is an advisor to Lithium One on this transaction.

#### **About Korea Resources Corporation**

KORES, a state-owned corporation of the Government of the Republic of Korea, has a mandate to pursue resource development opportunities to supply Korea's expanding industrial economy.

#### **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. The Company continues to advance both projects toward resource definition, expecting NI 43-101 compliant resource estimates near the middle 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***

*This document may contain "forward-looking information" within the meaning of Canadian securities legislation (hereinafter referred to as "forward-looking statements"). All statements, other than statements of historical fact, included herein including, without limitation statements relating to; the completion of a Feasibility Study, the entering into of marketing and off-take agreement, the timing for completion of the equity quota registration, the satisfaction of conditions of the Agreement, the provision of a Completion Guarantee, and other matters related to the exploration and development of the Project, are forward-looking statements. These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements. Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include unsuccessful exploration results, changes in metals*

*prices, changes in the availability of funding for mineral exploration, unanticipated changes in key management personnel and general economic conditions, title disputes as well as those factors detailed from time to time in the Company's interim and annual financial statements and management's discussion and analysis of those statements, all of which are filed and available for review on SEDAR at [www.sedar.com](http://www.sedar.com). In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements.*