



Vancouver, Canada November 2<sup>nd</sup>, 2010

NEWS RELEASE: 10-10

## **Lithium One Exercises Option to Complete Acquisition of Cyr Property at James Bay Lithium Project, Quebec and Announces \$5 Million Financing**

**Lithium One Inc. (the "Company") (TSX-V: LI)**, is pleased to announce the exercise of its option to acquire a 100% interest in the Cyr Lithium Property ("the Property") in northwestern Quebec.

The Property covers approximately 216 hectares at the core of the James Bay lithium project. To exercise the option the Company is making final payments totalling \$2.5 million in cash to four arm's length Optionors, as well as \$500,000 in common shares of the Company to the Société de Développement de La Baie James (SDBJ). The SDBJ was a minority owner of the Cyr claims and is the representative agency of the Quebec government responsible for "*Promoting, from a sustainable development perspective, economic development, improvement and exploitation of natural resources other than hydroelectric resources, of the James Bay territory.*"

The James Bay lithium project lies along the Route de la Baie James in northwestern Quebec and it hosts an extensive outcropping spodumene pegmatite deposit. In 2009 Lithium One drilled over 13,000 metres in 84 holes to define the deposit in three dimensions and establish the foundation for a resource estimate. Average grades from drilling were 1.56% Li<sub>2</sub>O. In 2010 the Company completed a detailed airborne photogrammetric survey, a diamond saw channel sampling program, as well as initial metallurgical testing that resulted in the production of the first lithium carbonate. The first NI 43-101 compliant resource estimate for the project is expected during November 2010.

The definitive option agreement with the Optionors originally dated March 29, 2008 (*see News Release dated April 11<sup>th</sup>, 2008 – and as amended in 2009 and 2010*) to acquire a 100% interest in the Property has been amended effective October 29, 2010 ("Amended Agreement") to provide for cash payments to four of the Optionors of an initial \$1.0 million on October 29, 2010 and \$1.5 million on December 15, 2010. Further, the Amended Agreement provides for the issue of \$500,000 in value of common shares of the Company to the SDBJ, the fifth Optionor, at a price per share of \$1.128. Upon completion of the final cash payment on December 15, 2010, the Company will have completed the exercise of the option and acquired a 100% interest in the Property. The Optionors retain a 2% NSR royalty, with the Company having the right to repurchase half of this royalty (or 1% NSR) for a cash payment of \$1 million within one year of the completion of a positive independent feasibility study.

The Amended Agreement is subject to approval by the TSX Venture Exchange.

Patrick Highsmith, President & CEO of Lithium One, commented about the Company's acquisition of the Cyr Property, "*Over the past three years the Company has benefited by deferring substantial payments on the Cyr Property, allowing for systematic evaluation of the Property at greatly reduced risk to shareholders. After satisfying ourselves as to the quality and potential of the Property, we are now pleased to complete the acquisition of a 100% interest in this Property at James Bay, as it positions us in a strengthening lithium market to be able to proceed aggressively in unlocking the value of this significant lithium deposit.*"

The Company is also pleased to announce a non-brokered private placement of \$5.0 million in convertible debentures ("Convertible Debentures") to a syndicate of private arm's length investors. The Convertible Debentures will mature on October 29, 2012, and the principal amount of the Convertible Debentures will bear interest at a rate of 8% per annum, payable quarterly in arrears. At the option of the holder, the principal amount

of the Convertible Debentures is convertible into units of the Company (“Units”) based on a conversion price of \$1.20 per Unit. Each Unit consists of one common share of the Company and one half of one common share purchase warrant. Each whole warrant will be exercisable for one common share at an exercise price of \$1.50 per common share until October 29, 2012. The Convertible Debentures will be subject to certain anti-dilution provisions. The holders of the Convertible Debentures have the option to require early repayment in the event of a change of control of the Company and in certain other circumstances. The Convertible Debentures and any common shares issued pursuant to the terms of the Convertible Debentures will be subject to a hold period until February 28, 2011.

A finders’ fee will be paid to an arms length third party in connection with the private placement. The finder will receive 250,000 finder’s units, consisting of one common share and one warrant. Each warrant is exercisable for one common share at an exercise price of \$1.50 until October 29, 2012. The 250,000 shares and any shares issued from the exercise of warrants are subject to a hold period until February 28, 2011.

Completion of the Convertible Debentures financing is subject to the approval of the TSX Venture Exchange.

The proceeds of the Convertible Debenture financing will be used to satisfy the cash payments on the exercise of the Property option and for general working capital, including property payments at the Company’s Sal de Vida project in Argentina.

**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 agreed to provide a completion guarantee for Lithium One’s share of the debt portion of project development costs. The Company continues to advance both its projects toward resource definition, expecting NI 43-101 compliant resource estimates before the end 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 fully 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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*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 release.*

### ***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 completion of NI 43-101 resource estimates, the timing for completion of an NI 43-101 compliant resource 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.*