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LITHIC COMPLETES PRELIMINARY ECONOMIC ASSESSMENT OF CRYPTO ZINC-COPPER-INDIUM PROJECT

Lithic Resources Ltd. (LTH-TSX Venture) (the "Company") announces that it has received the results of a Preliminary Economic Assessment of its 100% owned Crypto project in western Utah from its team of independent consulting engineers.

Summary

The study shows that approximately 55-60% of the tonnage at the grade required to support the most likely development scenario of a 3,500 tonne per day underground mine has been outlined to date. The deposit is open-ended and a US\$3.6 million program of continued drilling is recommended to locate additional higher grade mineralization that could increase the overall grade of the mineable resource and which might also be available for early mine scheduling. Existing lower grade resources could be used to extend mine life following payback of development capital.

Technical

Following a review of metallurgical testwork data, NSR (net smelter return) values were assigned to each block in the resource model first published in a November 19, 2009 release. Both Indicated and Inferred resources were considered in the study. A conceptual mine plan was developed for underground extraction of the sulphide resource only, the oxide resource representing a potential future open pit opportunity. Access to the underground would be via a double ramp system. Longitudinal retreat stoping with uncemented rock fill was chosen as the primary mining method. Allowing for full mine dilution, extraction and recovery factors, a total of 12.1 million tonnes with an average grade of 5.18% zinc, 0.38% copper and 35 g/t indium was scheduled over a period of 11 years for a mill throughput of 3,500 tonnes per day. A flotation process plant built on site would produce separate zinc-indium and copper-gold-silver concentrates.

Cost and production parameters for this development scenario are summarized in the following table:

Pre-production capital	US\$ millions	186.9
Sustaining capital	"	118.9
Total capital	"	305.8
Mining/processing rate	tonnes per day	3,500
Mine life	years	11
Total operating cost	US\$/tonne	64.28
Average annual production		
<i>zinc</i>	lb	89,285,000
<i>copper</i>	lb	7,138,000
<i>indium</i>	kg	21,000
<i>gold</i>	oz	7,000
<i>silver</i>	oz	1,009,000

In order to maximize economies of scale and achieve a maximum possible mining/processing rate of 3,500 tonnes per day, the model considered all sulphide resources and used a zinc price of \$1.10 per pound to outline enough tonnage above a cutoff grade of 4% zinc equivalent to support a minimum ten year mine life. Other metal prices used in the study were copper at \$2/lb, indium at \$500/kg, gold at \$850/oz and silver at \$12/oz. Assuming 100% equity funding, the pre-tax internal rate of return (IRR) on the project is 2.5%.

Analysis of the cash flow model indicates that the economics are most sensitive to zinc price and zinc grade. Increasing the cutoff grade to a sufficient level resulted in a reduction of tonnage available for mine scheduling to approximately 55-60% of the total required. It was recommended that the next phase of work at Crypto should focus on expansion of higher grade resources through approximately 10,000 metres of core drilling with a budget of US\$3.6 million. A technical report will be filed on SEDAR within 45 days.

Outlook

The President and CEO of the Company, Chris Staargaard, commented that “the engineering team has shown that the most likely development scenario at Crypto would be a completely conventional underground mine and mill complex producing clean and high value concentrates. However, they have also shown that we still have some work to do. While a significant proportion of the minimum grade and tonnage required for an economic situation has already been defined, we need to carry on drilling to identify additional, relatively higher grade mineralization. Fortunately, the geological model shows that there is good potential to expand existing resources to the east, west and south, and very good potential for the discovery of new zones in similar stratigraphy beyond these extensions. With all necessary permits in place along with water rights, we look forward to advancing the Crypto project as soon as market conditions permit. We continue to have confidence in this high-quality, advanced stage asset with infrastructure in a politically stable, mining-friendly jurisdiction, a mineral deposit that to the best of our knowledge represents the most significant potential indium resource in the continental USA.”

The technical information in this news release has been prepared in accordance with Canadian regulatory requirements as set out in NI 43-101 and was reviewed by Ken Major, P.Eng. (metallurgy and process engineering), John Nilsson, P.Eng. (resource/economic modelling) and Keith Durston, P.Eng. (mine design), independent Qualified Persons as defined in NI 43-101.

A Preliminary Economic Assessment is a conceptual analysis of a mine development scenario and is based on a number of economic and technical assumptions. It includes Inferred Resources which are considered too geologically speculative to be classified as Mineral Reserves. Investors are cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability. US investors are further cautioned that existing SEC terminology and rules regarding mineral resources do not conform with Canadian and other internationally accepted standards.

LITHIC RESOURCES LTD.

“C.F. Staargaard”

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FURTHER INFORMATION:

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