



Talisson Lithium



Talisson Lithium Limited

AGM Presentation

December 2, 2010



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Highlights

- Merger with Salares Lithium Inc., C\$40 million private placement and listing on the TSX
- Demand for all lithium products continues to increase
- Commissioning of the Stage 1 expansion at the Greenbushes Lithium Operations has commenced ahead of schedule, and the plant is already producing at design capacity
- Design of the Stage 2 expansion is being revised to allow for further increases in capacity above the original design
 - Board approval received to order long lead time items
- Agreement to refinance senior debt facility on more favourable terms



Market update

- Lithium demand has grown consistently over the past decade driven by growth in traditional applications
 - Future growth is expected to be driven by new applications, in particular lithium batteries which are a critical component of hybrid and electric vehicles
 - Since the global economic slowdown, there has been significant recovery in demand for lithium from both traditional and new applications
- Accelerating demand growth in the future is expected to come from the move to electric vehicles
 - Governments globally, including the US and Germany, continue to support the development of electric vehicles
 - In particular, the Chinese government has established extensive policies and incentives to support the development of electric vehicle
 - Most major car producers are also developing electric vehicles



Recent results*

Lithium concentrate	Combined Results for Three months Ended September 30, 2010	Three Months Ended September 30, 2009
Production (tonnes)	80,729	65,104
Sales (tonnes)	52,524	49,551

- Combined sales revenue for the three months ended September 30, 2010, of A\$21.1 million
 - 24% increase over the three months ended September 30, 2009
- Combined EBITDA for the three months ended September 30, 2010, of A\$4.8 million, including A\$1.6m of non-recurring reorganization costs
 - Excluding the non-recurring reorganization costs, a 25% increase over the three months ended September 30, 2009



Operations update

Expansion of Greenbushes Lithium Operations

- Stage 1 expansion
 - Commissioning has commenced ahead of schedule and production is already at design capacity
 - Capacity has now been increased by the planned 50,000 tonnes per annum of chemical-grade lithium concentrate (approximately 7,500 tonnes of LCE)
- Design of the Stage 2 expansion is being revised to allow for further increases in capacity
 - Original design of the Stage 2 expansion was planned to increase total capacity of the Greenbushes Lithium Operations to 62,000 tonnes of LCE
 - Board approval received to order long lead time items

Lithium Mineral Resource and Mineral Reserve Drilling Program

- Commenced in the second quarter 2011
- Initial objectives of upgrading lithium mineral resources, and improving the conversion of lithium mineral resources to lithium mineral reserves

Salares 7 Project

- Drilling scheduled to commence early in 2011



Outlook

Second Quarter of the year ending June 30, 2011

- Production of lithium concentrate consistent with three months ended September 30, 2010
- Higher sales of lithium concentrate than in the three months ended September 30, 2010 – consistent with the higher production in that period

Full financial year ending June 30, 2011

- Annual production of lithium concentrate expected to exceed 43,000 tonnes LCE
- Sales expected to exceed levels from the year ended June 30, 2010
- Continuing to assess opportunities for lithium carbonate production



Appendix



Conversion Table

To convert from	to Lithium metal Li X	to Lithia Li ₂ O x	to Lithium Carbonate Li ₂ CO ₃ (LCE) X
<u>Lithium Chemicals</u>			
Lithium Li (100% Li)	1.000	2.153	5.323
Lithium oxide (lithia) Li ₂ O (46.4% Li)	0.464	1.000	2.473
Lithium bromide LiBr (8.0% Li)	0.080	0.172	0.425
Lithium carbonate LiCO ₃ (18.8% Li)	0.188	0.404	1.000
Lithium hydroxide monohydrate LiOH.H ₂ O (16.5% Li)	0.165	0.356	0.880
Lithium chloride LiCl (16.3% Li)	0.163	0.362	0.871
Lithium fluoride LiF (26.8% Li)	0.268	0.576	1.420
Lithium hypochlorite LiOCl (11.89% Li)	0.119	0.256	0.633
Butyllithium C ₄ H ₉ Li (10.83% Li)	0.108	0.233	0.576
<u>Spodumene</u>			
Spodumene LiAl(SiO ₃) ₂ (3.7% Li)	0.037	0.080	0.199



Additional Disclosure

Disclosure Regarding Financial Statements

This document provides information on the financial condition and results of operations of Talison Lithium Limited (“Talison” or the “Company”) as at September 30, 2010 and for the first interim period from July 1, 2010 to September 30, 2010. This information is prepared as at November 12, 2010 and is current to that date unless otherwise stated.

This document should be read in conjunction with the unaudited interim consolidated financial statements of Talison and the related notes thereto as at September 30, 2010 and for the interim period from July 1, 2010 to September 30, 2010 (collectively, the “Financial Statements”). The financial information contained in this document is derived from the Financial Statements, which were prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts in this document are expressed in Australian dollars (“A\$”) unless otherwise identified. References to “C\$” are to Canadian dollars and references to “US\$” are to United States dollars.

Information in this document is in respect of the Company’s first reporting period, being July 1, 2010 to September 30, 2010, and, consequently, no comparative financial information is provided in the Financial Statements. Prior to acquiring the Greenbushes Lithium Operations (as defined below) on August 12, 2010, Talison was a dormant entity and did not trade in any capacity. However, in order to enhance the purpose and relevance of the information and to cover the three-month period ended September 30, 2010, certain financial and operating results in respect of the Greenbushes Lithium Operations for the period from July 1, 2010 to August 11, 2010 (the “Greenbushes Financial Statements”) have been included. The Greenbushes Financial Statements have been extracted from the group financial statements of Talison Minerals Pty Ltd (“Talison Minerals”), which became a wholly-owned subsidiary of Talison on August 12, 2010.

The combined financial and operating results of Talison and the Greenbushes Lithium Operations for the three months ended September 30, 2010 are compared to the unaudited results of the Greenbushes Lithium Operations for the three months ended September 30, 2009. The financial information in respect of the Greenbushes Lithium Operations is being provided for reference purposes only and is not intended to represent a comprehensive comparison of unaudited interim consolidated financial results.

For further information refer to Management’s Discussion and Analysis of the financial condition and results of operations of Talison Lithium Limited as at September 30, 2010 and for the first interim period from July 1, 2010 to September 30, 2010.

Disclosure Regarding Non-IFRS Performance Measures

This presentation uses EBITDA as a key metric in assessing Talison’s operating performance without the effect of interest, taxes and depreciation and amortization, as it reflects the cash generated by Talison’s business. This term is not a defined financial measure according to IFRS and does not have any standardized meaning prescribed by IFRS. Therefore, this measure may not be comparable to a similar measure used by other enterprises. This measure should not be considered an alternative to net profit / (loss) cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. Rather, EBITDA is provided as additional information to complement IFRS measures by providing further understanding of the results of operations from management’s perspective. EBITDA is calculated by adding net interest expense/(income), income tax expense/(benefit) and depreciation and amortization to net profit/(loss). For further information refer to “Non-IFRS Performance Measures” in Management’s Discussion and Analysis of the financial condition and results of operations of Talison Lithium Limited as at September 30, 2010 and for the first interim period from July 1, 2010 to September 30, 2010.



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Electric Vehicle driven future”*