



**Talisson Lithium**



# **Talisson Lithium Limited**

**First Quarter ended September 30, 2010**

**November 12, 2010**



## Forward looking information

- Certain information contained or incorporated by reference in this presentation, including any information regarding Talison's strategy, projects, plans, prospects, future outlook, anticipated events or results or future financial or operating performance, constitutes "forward-looking statements" within the meaning of Canadian securities laws. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements can often, but not always, be identified by the use of words such as "plans", "expects", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "predicts", "potential", "continue" or "believes", or variations (including negative variations) of such words; or statements that certain actions, events or results "may", "could", "would", "should", "might", "potential to", or "will" be taken, occur or be achieved or other similar expressions concerning matters that are not historical facts. The purpose of forward-looking statements is to provide the reader with information about management's expectations and plans for 2011 and subsequent financial years. Forward-looking statements are necessarily based on a number of factors, estimates and assumptions that, while considered reasonable by Talison, are inherently subject to significant business, economic and competitive uncertainties and contingencies. While Talison considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect and actual results may vary.
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- An investor should read this presentation and the documents to which Talison refer in this presentation completely and with the understanding that Talison's actual future results may be materially different from its expectations. This presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities.



## Operating Highlights\*

- Merger with Salares Lithium Inc., C\$40 million private placement and listing on the TSX
- Demand for all lithium products continues to increase
- Greenbushes Lithium Operations producing at maximum capacity
- Annual production scheduled to exceed 43,000 tonnes LCE
- Stage 1 expansion of the chemical-grade plant at the Greenbushes Lithium Operations on track for completion early in 2011
- Agreement to refinance senior debt facility on more favourable terms
- Commencement of in-fill drilling at the Greenbushes Lithium Operations
- Drilling at the Salares 7 Project expected to commence early in 2011



## Key Operating Statistics\*

- Significant market recovery
- Demand for all lithium products continues to increase
- Greenbushes Lithium Operations producing at maximum capacity
- Higher sales driven by strong increase in demand for technical-grade products
- Sales in the 2011 financial year expected to exceed the 2010 financial year

Lithium concentrate	Combined Results Three months Ended September 30, 2010	Three Months Ended September 30, 2009
Production (tonnes)	80,729	65,104
Sales (tonnes)	52,524	49,551
Average sales price (US\$/tonne)	\$313	\$294



## Financial Results Highlights\*

- 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
- Net profit for the 49-day period ended September 30, 2010, of A\$3.8 million
  - Due to the reorganization, no meaningful comparison available for the corresponding period in the prior year



## Strong Balance Sheet\*

- Combined cash inflows from operating activities for the three months ended September 30, 2010, were A\$5.1 million
- Net proceeds of A\$38.1 million from the private placement
  - Net liquid working capital position, including inventories, as at September 30, 2010 of A\$42.4 million
- Capital expenditure on Greenbushes Lithium Operations of A\$2.7 million
  - A\$1.9 million incurred on the Stage 1 expansion of chemical-grade plant

### **Agreement to refinance senior debt on more favorable terms**

- Term of 3 years, interest rate of Libor plus 3.5% margin
- Includes bank guarantee facility, export finance facility and hedging facilities
- Credit approval received
- Target date for financial completion is December 2010



## Operations update

### Expansion of Greenbushes Lithium Operations

- Stage 1 of chemical-grade plant expansion currently in progress
  - Scheduled for completion in early 2011
  - Increases capacity by 50,000 tpa lithium concentrate (approx. 7,500 tpa LCE)
- Planning the Stage 2 expansion
- Currently investigating options to increase capacity of the technical-grade lithium plant given significant recovery in the market

### Lithium Mineral Resource and Mineral Reserve Drilling Program

- Commenced in 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 downstream opportunities in the lithium supply chain



# Appendix



## Share Capital – as at November 12, 2010

Ordinary Shares	90,565,406
Exchangeable Shares	4,051,667
Options	6,757,215
Warrants	1,385,001
Total outstanding (fully diluted)	102,759,289
Market capitalization	C\$527 million



## Conversion Table

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