



Talisson Lithium



Talisson Lithium Limited

Three and Six Months Ended December 31, 2010

February 10, 2011



Forward looking information

- Certain information contained or incorporated by reference in this document, including any information regarding Talison Lithium Limited's ("Talison" or the "Company") 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 the 2011 financial year 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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Operating Highlights*

- For the six months ended December 31, 2010, production increased 32%, and sales increased 33% over the six months ended December 31, 2009
- Stage 1 expansion of the chemical-grade plant at the Greenbushes Lithium Operations completed in December 2010 ahead of schedule
- Drilling at the Salares 7 Project commenced in February 2011
- Bought Deal Financing of C\$70 million completed in February 2011 (“Financing”)
- Annual production expected to exceed 48,000 tonnes lithium carbonate equivalent (“LCE”)



Key Operating Statistics*

- Record production and sales were achieved from the Greenbushes Lithium Operations during the second quarter of the 2011 financial year due to:
 - Continued strong demand from customers
 - Successful ongoing production focussed process improvement program
 - Early commissioning of the Stage 1 expansion

	Three Months Ended December 31, 2010 (Unaudited)	Six Months Ended December 31, 2010 (Unaudited)	Percentage change Three Months Ended December 31, 2010 from Three Months Ended December 31, 2009 (Unaudited)	Percentage change Six Months Ended December 31, 2010 from Six Months Ended December 31, 2009 (Unaudited)
Production (tonnes lithium concentrate)	83,548	164,277	40%	32%
Sales (tonnes lithium concentrate)	97,559	150,084	54%	33%
Average sales price (US\$/tonne lithium concentrate)	US\$315	US\$314	22%	14%

* Note: see "Disclosure Regarding Financial Statements" under "Additional Disclosure"



Financial Results Highlights *

- Sales revenue for the three months ended December 31, 2010, of A\$32.8m, a 79% increase over the three months ended December 31, 2009
 - Sales revenue for the six months ended December 31, 2010 of A\$53.9m, reflects a 53% increase over the same prior year period
 - Increase a result of increases in sales volumes, average sale prices and the sale of parcels of crushed ore into the Chinese market
- EBITDA for the three months ended December 31, 2010, of A\$7.2m, a 63% increase over the three months ended December 31, 2009
 - Increase due to increase in sales volumes and average prices, and a reduction in average unit operating costs
 - EBITDA for the six months ended December 31, 2010 of A\$12.0m, which is a 26% increase over the same prior year period, includes the adverse impact of A\$1.6m of non-recurring reorganization costs



Strong Balance Sheet*

- Strong net working capital position of A\$48.2m as at December 31, 2010, including cash and cash equivalents of A\$26.7m and A\$20.8m of trade and other receivables
- Cash outflows from operating activities for the three months ended December 31, 2010, were A\$4.3m, a decrease of A\$6.3m compared to the three-month period ended December 31, 2009 due to a greater increase in trade debtors in 2010
 - Given the nature of Talison’s sales, the trade debtor balance at a period end can fluctuate significantly
- Talison is currently planning several growth projects including the Stage 2 expansion of the Greenbushes Lithium Operations and exploration activities at its Salares 7 Project in Chile and expects to incur a significant amount of capital expenditure in the next 12 months
 - This is expected to be funded from the net proceeds of the Financing



Equity Financing

Bought Deal Financing

- Completed on February 10, 2011
 - Approximately 10.7m Shares at C\$6.50 per Share for gross proceeds of C\$70m
- Over-Allotment Option: additional approximately 1.6m Shares (15% of the base offer size) at C\$6.50 per Share for additional gross proceeds of C\$10.4m
 - Total gross proceeds of C\$80m from the Financing if the Over-Allotment Option is exercised in full
- Net proceeds from the Financing: Primarily used for expansion of the Greenbushes Lithium Operations, exploration of the Salares 7 Project and for general corporate purposes



Operations Update

Expansion of Greenbushes Lithium Operations

- Stage 1 expansion completed ahead of schedule in December 2010
 - Nameplate production capacity has now been increased by the planned 50,000 tonnes per annum of lithium concentrate, to approximately 315,000 tonnes per annum lithium concentrate
- In response to continued strong demand, Talison is planning a substantial increase in the size of the Stage 2 expansion
 - After completion of the expansion, total production capacity is expected to be more than double current capacity
 - Net proceeds of the recently completed Financing will be used to fund the increased size of the Stage 2 expansion
 - Detailed design work is progressing and long lead time items have been ordered



Operations Update (cont'd)

Salares 7 Project

- Drilling commenced in February
- First stage of the program involves reconnaissance drilling utilising a sonic drill rig at two of the seven salars, Salar de La Isla and Salar de Las Parinas
- Pattern of drilling holes related to geophysical responses on Transient Electromagnetic (TEM) survey lines previously established on the salars
- Part of the net proceeds of the Financing will be used for further exploration of the Salares 7 Project



Outlook

Three months ending March 31, 2011

- Production of lithium concentrate expected to improve from the three months ended December 31, 2010, as a result of the early completion of the Stage 1 expansion of the Greenbushes Lithium Operations
- Sales of lithium concentrate expected to be consistent with production for the three months ending March 31, 2011, depending on shipment schedules

Financial year ending June 30, 2011

- Outlook for Talison's annual production of lithium concentrate has improved due to a successful production process improvement program and early commissioning of the Stage 1 expansion of the Greenbushes Lithium Operations
 - Lithium concentrate production is expected to exceed 48,000 tonnes LCE
 - Talison expects to sell 100% of production, depending on shipment schedules



Appendix



Share Capital – as at February 10, 2011

Ordinary Shares*	103,412,721
Exchangeable Shares	2,686,390
Options	6,536,577
Warrants	826,601
Total outstanding (fully diluted)	113,462,289
Market capitalization	C\$720 million

*Note: includes the approximately 10.7m Shares issued in the Financing, but excludes the approximately 1.6m Shares that may be issued if the Over-Allotment Option is exercised



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

Information in this presentation is in relation to the financial condition and results of operations of Talison Lithium Limited (“Talisson” or the “Company”) as at December 31, 2010 and for the interim period from July 1, 2010 to December 31, 2010. This press release should be read in conjunction with the unaudited interim consolidated financial statements of Talison and the related notes thereto as at December 31, 2010 and for the three and six month interim periods ended December 31, 2010 (collectively, the “Financial Statements”). The financial information contained in this presentation is derived from the Financial Statements, which were prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts in this presentation 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.

Prior to acquiring the Greenbushes Lithium Operations on August 12, 2010, Talison was a dormant entity and did not trade in any capacity. However, the acquisition of the Greenbushes Lithium Operations has been determined to be a common control transaction which the Company has elected to account for on a continuity of interest basis. While continuity of interest accounting is not required by IFRS, it is also not prohibited by IFRS. Continuity of interest accounting is common practice under Canadian generally accepted accounting principles for such transactions. As a result of Talison’s election to use continuing of interest accounting, the results of the Greenbushes Lithium Operations prior to the date the Company acquired the Greenbushes Lithium Operations (being, from July 1, 2010 to August 11, 2010) have been included in the Financial Statements. In addition, the Financial Statements include as comparatives the results of the Greenbushes Lithium Operations for the three and six month periods ended December 31, 2009. The results of the Greenbushes Lithium Operations prior to August 12, 2010 have been extracted from the group financial statements of Talison Minerals Pty Ltd (“Talisson Minerals”), which became a wholly-owned subsidiary of Talison on August 12, 2010.

Readers of this presentation are cautioned that certain statements in this presentation may relate solely to the debt and capital structure of Talison Minerals before the Reorganization and may be of no consequence to the ongoing operations of Talison. For further information refer to Management’s Discussion and Analysis of the financial condition and results of operations of Talison Lithium Limited as at December 31, 2010 and for the three and six month interim periods ended December 31, 2010 (which can be found on Talison’s SEDAR profile at www.sedar.com).

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 December 31, 2010 and for the three and six month interim periods ended December 31, 2010 (which can be found on Talison’s SEDAR profile at www.sedar.com).



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