



**Talisson Lithium**



# **Talisson Lithium Limited**

**Three and Nine Months Ended March 31, 2011**

**May 17, 2011**



## Forward looking information

- Certain information contained in this presentation, including any information as to Talison’s mineral reserve and mineral resource estimates, strategy, projects, plans, prospects, future outlook, anticipated events or results or future financial or operating performance, may constitute “forward-looking information” within the meaning of Canadian securities laws. All statements, other than statements of historical fact, constitute forward-looking information. Forward-looking information can often, but not always, be identified by the use of words such as “plans”, “expects”, “is expected”, “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 information is to provide the reader with information about management’s expectations and plans. Readers are cautioned that forward-looking statements are not guarantees of future performance. All forward-looking statements made or incorporated in this presentation are qualified by these cautionary statements.
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- Although Talison has attempted to identify statements containing important factors that could cause actual actions, event or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is made as of the date of this presentation based on the opinions and estimates of management on the date statements containing such forward-looking information are made. Except as required by law, Talison disclaims any obligation to update any forward-looking information, whether as a result of new information, estimates or opinions, future events or results or otherwise. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information.



## Operating Highlights \*

For the three months ended March 31, 2011 (“Third Quarter”), production increased 33%, and sales increased 74% over the corresponding period in the prior year

Board approval received for the Stage 2 expansion of the Greenbushes Lithium Operations to more than double nameplate total production capacity

Drilling at the Salares 7 Project completed

Updated lithium Minerals Resources and Mineral Reserves statement released



## Key Operating Statistics \*

Strong production and sales growth from the Greenbushes Lithium Operations during the Third Quarter

	Three Months Ended Mar 31, 2011	Three Months Ended Mar 31, 2010	Percentage Change	Nine Months Ended Mar 31, 2011	Nine Months Ended Mar 31, 2010	Percentage Change
<b>Production</b>						
Lithium concentrate (tonnes)	88,315	66,180	33%	252,592	190,912	32%
Equivalent to lithium carbonate (tonnes)	13,100	9,800		37,500	28,300	
<b>Sales</b>						
Lithium concentrate (tonnes)	97,001	55,864	74%	247,085	168,559	47%
Equivalent to lithium carbonate (tonnes)	14,400	8,300		36,600	25,000	
<b>Average sales price (US\$/ tonne lithium concentrate)</b>	US\$303	US\$266	14%	US\$310	US\$272	14%



## EBITDA\*

EBITDA for the Third Quarter increased 123% over the same prior year period

EBITDA for the nine months ended March 31, 2011 increased 48% over the same prior year period

EBITDA margin for the nine months ended March 31, 2011 remains steady, despite a 21% increase in the A\$/US\$ exchange rate which has an adverse impact on profitability

	Nine Months Ended Mar 31, 2011 (Unaudited)	Three Months Ended Mar 31, 2011 (Unaudited)	Three Months Ended Dec 31, 2010 (Unaudited)	Three Months Ended Sep 30, 2010 (Unaudited)	Twelve Months Ended Jun 30, 2010 (Audited)
Sales (tonnes lithium concentrate)	247,085	97,001	97,559	52,525	256,767
Average sales price (US\$/tonne lithium concentrate)	US\$310	US\$303	US\$315	US\$313	US\$281
Sales revenue (A\$m)	A\$83.1	A\$29.2	A\$32.8	A\$21.1	A\$81.3
Cash operating cost of goods sold (A\$/tonne lithium concentrate)	A\$206	A\$195	A\$208	A\$221	A\$226
General/Administration/Other (A\$m)	A\$9.5	A\$3.9	A\$3.6	A\$2.0	A\$4.5
EBITDA (A\$m)	A\$18.3	A\$6.3	A\$7.2	A\$4.8	A\$18.7
EBITDA as a percentage of sales revenue (%)	22%	22%	22%	23%	23%



## Financial Results Highlights \*

Sales revenue for the Third Quarter, of A\$29.2m, a 78% increase over the three months ended March 31, 2010

Net profit after tax (“NPAT”) for the Third Quarter of A\$3.9 million

Basic earnings per share for the Third Quarter was A\$0.038 and for the nine months to March 31, 2011 was A\$0.181



## Strong Balance Sheet \*

Strong net working capital position of A\$129.5m as at March 31, 2011, including cash and cash equivalents of A\$110.9m and A\$20.8m of trade and other receivables

Cash inflows from operating activities for the Third Quarter were A\$8.1m, an increase of A\$5.5m compared to the three-month period ended March 31, 2010 as a result of the improved EBITDA result and lower interest charges

Growth projects including the Stage 2 expansion of the Greenbushes Lithium Operations and exploration activities at the Salares 7 Project will be funded from the Company's existing cash reserves



### Expansion of Greenbushes Lithium Operations

- Stage 2 expansion comprises a new, purpose built, large scale chemical-grade lithium concentrate production facility
- Nameplate total production capacity will increase to approximately 740,000 tpa lithium concentrate (equivalent to approximately 110,000 tpa LCE)
- Currently in the final stages of detailed design and contract negotiation with the preferred engineering group
- Construction workforce expected to mobilize mid May 2011
- Commissioning anticipated to commence in second quarter calendar 2012



## Operations Update (cont'd)

### Greenbushes Lithium Operations – Reserve Extension

- **Significant increase in lithium Mineral Reserves and mine life**
  - Lithium Proven and Probable Mineral Reserves increase by 157%<sup>(1)</sup> to 31.4 million tonnes at a grade of 3.1% Li<sub>2</sub>O
  - Mine life extended by 10 years to 22 years, based on lithium Mineral Reserves at the expanded production rate
  - Life of mine strip ratio almost halved to 1.2:1
  - Average grade of lithium ore processed in the next 5 years expected to be above 3.3% Li<sub>2</sub>O
- **Enables Talison to provide its customers with security of supply to meet the expected future growth in demand for lithium-ion batteries**
  - Orebody remains open both along strike and at depth, providing future opportunities to increase lithium Mineral Reserves, increase production, and extend mine life at the Greenbushes Lithium Operations

(1) The percentage increase refers to the percentage change in tonnes of contained lithium carbonate equivalent estimated as of March 31, 2011 from the previous estimate as of March 31, 2010.



## Operations Update (cont'd)

### Salares 7 Project

- First drilling program completed - involved 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
- Samples currently being assayed
- Results expected to be announced before the end of June 2011



## Outlook

### Three months ending June 30, 2011

- Production of lithium concentrate expected to be in-line with the Third Quarter
- Sales of lithium concentrate expected to be consistent with production, depending on shipment schedules

### Financial year ending June 30, 2011

- Lithium concentrate production expected to exceed 48,000 tonnes LCE
- Talison expects to sell 100% of production, depending on shipment schedules



# Appendix



## Updated Lithium Mineral Reserves and Mineral Resources \*

### Greenbushes Lithium Operations - Lithium Mineral Reserves as of March 31, 2011

Category	Update - March 31, 2011			Previous - March 31, 2010		
	Tonnage (Mt)	Li <sub>2</sub> O Grade (%)	LCE (Mt)	Tonnage (Mt)	Li <sub>2</sub> O Grade (%)	LCE (Mt)
Proven Mineral Reserves	0.2	3.9	0.02	0.1	3.9	0.01
Probable Mineral Reserves	31.3	3.1	2.38	9.5	3.9	0.92
<b>Total Measured and Indicated Mineral Reserves</b>	<b>31.4</b>	<b>3.1</b>	<b>2.39</b>	<b>9.6</b>	<b>3.9</b>	<b>0.93</b>

- Notes:
- (1) There may be some rounding errors in totals.
  - (2) For the updated calculation (as of March 31, 2011) a 2% Li<sub>2</sub>O cut-off grade has been applied.
  - (3) Proven Mineral Reserves comprises the Run of Mine and Fine Ore stockpiles. All the Probable Mineral Reserves are contained within the Indicated Mineral Resources.
  - (4) Mineralization was classified according to the definitions in National Instrument 43-101 and the guidelines published by the Council of the Canadian Institute of Mining, Metallurgy and Petroleum (the CIM Standards).

### Greenbushes Lithium Operations - Lithium Mineral Resources as of March 31, 2011

Category	Update - March 31, 2011			Previous - March 31, 2010		
	Tonnage (Mt)	Li <sub>2</sub> O Grade (%)	LCE (Mt)	Tonnage (Mt)	Li <sub>2</sub> O Grade (%)	LCE (Mt)
Measured Mineral Resources	0.2	3.9	0.02	0.10	3.9	0.01
Indicated Mineral Resources	70.2	2.6	4.55	21.9	3.7	2.00
<b>Total Measured and Indicated Mineral Resources</b>	<b>70.4</b>	<b>2.6</b>	<b>4.56</b>	<b>22.0</b>	<b>3.7</b>	<b>2.01</b>
Total Inferred Mineral Resources	2.0	2.2	0.11	2.7	3.5	0.23

- Notes:
- (1) There may be some rounding errors in totals.
  - (2) For the updated estimate (as of March 31, 2011) the lithium Mineral Resources are within lithium domains drawn at a 1% Li<sub>2</sub>O grade boundary, and above 1,000RL; and Measured Mineral Resources comprises the Run of Mine and Fine Ore stockpiles. For the previous estimate (as of March 31, 2010) the lithium Mineral Resources are within lithium domains drawn at a 2.8% Li<sub>2</sub>O grade boundary.
  - (3) Mineral Reserves are included in Mineral Resources. Mineral Resources are not Mineral Reserves and, as such, do not have demonstrated economic viability.
  - (4) Mineralization was classified according to the definitions in National Instrument 43-101 and the guidelines published by the Council of the Canadian Institute of Mining, Metallurgy and Petroleum (the CIM Standards).



## Share Capital – as at May 11, 2011

Ordinary Shares	106,055,943
Exchangeable Shares	2,021,702
Options	6,545,817
Warrants	559,829
Total outstanding (fully diluted)	115,183,291
Market capitalization	C\$557 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> Li <sub>2</sub> CO <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

Information in this presentation is in relation to the financial condition and results of operations of Talison Lithium Limited (“Talison” or the “Company”) as at and for the interim period ended March 31, 2011. This presentation should be read in conjunction with the unaudited interim consolidated financial statements of Talison and the related notes thereto as at and for the interim period ended March 31, 2011 (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 nine month periods ended March 31, 2010. 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 (“Talison 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 and for the interim period ended March 31, 2011 (which can be found on Talison’s SEDAR profile at [www.sedar.com](http://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 and for the interim period ended March 31, 2011 (which can be found on Talison’s SEDAR profile at [www.sedar.com](http://www.sedar.com)).



## Disclosure Regarding Mineral Resources and Mineral Reserves

Mineral Resource estimation was performed using Ordinary Kriging into 20mNx20mEx5mRL parent blocks, with each variable  $\text{Li}_2\text{O}$ , calcium oxide (CaO), ferric oxide ( $\text{Fe}_2\text{O}_3$ ), potassium oxide ( $\text{K}_2\text{O}$ ), manganese oxide (MnO), sodium oxide ( $\text{Na}_2\text{O}$ ), phosphorus oxide ( $\text{P}_2\text{O}_5$ ), tin (Sn), and tantalum oxide ( $\text{Ta}_2\text{O}_5$ ) being estimated independently. This work was overseen by Andrew Purvis, a full-time employee of Talison, who is “Qualified Person” in accordance with National Instrument 43-101 and a “Competent Person” as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 Edition (the JORC Code).

Talison does not consider that the estimate of lithium Mineral Resources and Mineral Reserves will be materially affected by any known environmental, permitting, title, mining, infrastructure or metallurgical issues. For further information refer to the technical report in respect of the Greenbushes Lithium Operations titled “Greenbushes Lithium Operations, Located in Western Australia – Australia” dated July 26, 2010, a copy of which can be found on Talison’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

### NI 43-101 - Technical Report

A National Instrument 43-101 compliant technical report with respect to the update of Talison’s Mineral Resources and Mineral Reserves at the Greenbushes Lithium Operations will be filed on SEDAR within 45 days of Talison’s May 4, 2011 press release. Readers are cautioned not to rely solely on the summary of the updated Mineral Resources and Mineral Reserves contained in this presentation, but should read the new technical report regarding the Greenbushes Lithium Operations when it becomes available on SEDAR.

The updated Mineral Resource estimates were prepared by Mr. Scott Jackson (BSc (Hons), CFSG, MAusIMM, MAIG), Director and Principal Consultant, of Quantitative Group Pty Ltd (“Quantitative Group”) of Perth, Western Australia, in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 Edition (the JORC Code), which is comparable with the requirements of National Instrument 43-101 – Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators. Quantitative Group undertook statistical analysis, block estimation, validation and classification of the Mineral Resource, constructed the Mineral Resource block model and reviewed the QA/QC data. The Quantitative Group work was undertaken or supervised by Mr. Jackson, who also reviewed data collection and data quality. Mr. Jackson is independent of Talison and a “Qualified Person” in accordance with National Instrument 43-101.

The updated Mineral Reserves were prepared by Messrs. Andrew Purvis (BSc (Hons), MSc, MAusIMM), General Manager Geology, Talison, and Stephen Green (B. Eng, MAusIMM), Manager, Mining and Environment at the Greenbushes Lithium Operations each of whom is a full-time employee of Talison and a “Qualified Person” in accordance with National Instrument 43-101. The lithium Mineral Reserves were calculated based on a 2%  $\text{Li}_2\text{O}$  cut-off grade and the costs and recoveries for the second stage expansion of the Greenbushes Lithium Operations. The updated Mineral Reserve calculations were reviewed by Mr. Peter Ingham (MSc, BSc, FAusIMM, MIMMM, CEng), General Manager Mining, of Behre Dolbear Australia Pty Ltd. Mr. Ingham is independent of Talison and a “Qualified Person” in accordance with National Instrument 43-101.

Scientific and technical information in this presentation was reviewed by Andrew Purvis, General Manager Geology, Talison.



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