



**Talisson Lithium**



# Talisson Lithium

**Wedbush Clean Technology & Industrial Growth Conference**

**15 September 2011**





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- Certain information contained or incorporated by reference in this document, including any information regarding Talison Lithium Limited's ("Talisson" 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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## Investment highlights

**Leading pure play global lithium producer**

**High growth technology-related end markets fueling growing demand**

**Primary lithium supplier to China – largest and fastest growing market worldwide**

**Highest grade lithium mineral resource in the world at Greenbushes, Australia**

**High potential brine resource in Chile**

**Clear growth strategy**

**Strong financial position**



## Current lithium applications

### Key uses

- ❖ Accelerates melting of glass, reducing energy requirements
- ❖ Hardens ceramic glazes
- ❖ Strengthens glass cook tops
- ❖ Enables high working temperature greases
- ❖ Pharmaceuticals



### Growth outlook

- ❖ Currently 70% of global market
- ❖ GDP growth globally
- ❖ Faster growth in Asia and BRICs



## Emerging and growth applications

### Key uses

- ❖ Energy dense consumer batteries
- ❖ Strengthens wind turbine blades
- ❖ Lightweight aerospace alloys
- ❖ Large format batteries for electricity grid stabilization



### Growth outlook

- ❖ Currently 30%+ of global market
- ❖ 20%+ annual growth since 2000
- ❖ Rapid development of new applications



## Transport of the future

### Wide range of EVs using lithium

- ❖ Electric bikes / scooters
- ❖ Passenger electric vehicles
- ❖ Electric buses / taxis / trucks



### Market drivers

- ❖ Energy security
- ❖ Reducing oil dependence
- ❖ Decreasing carbon emissions



### Growth outlook

- ❖ Currently <1% of global market
- ❖ Significant growth accelerator from 2015
- ❖ Government mandated
- ❖ Asia driving growth



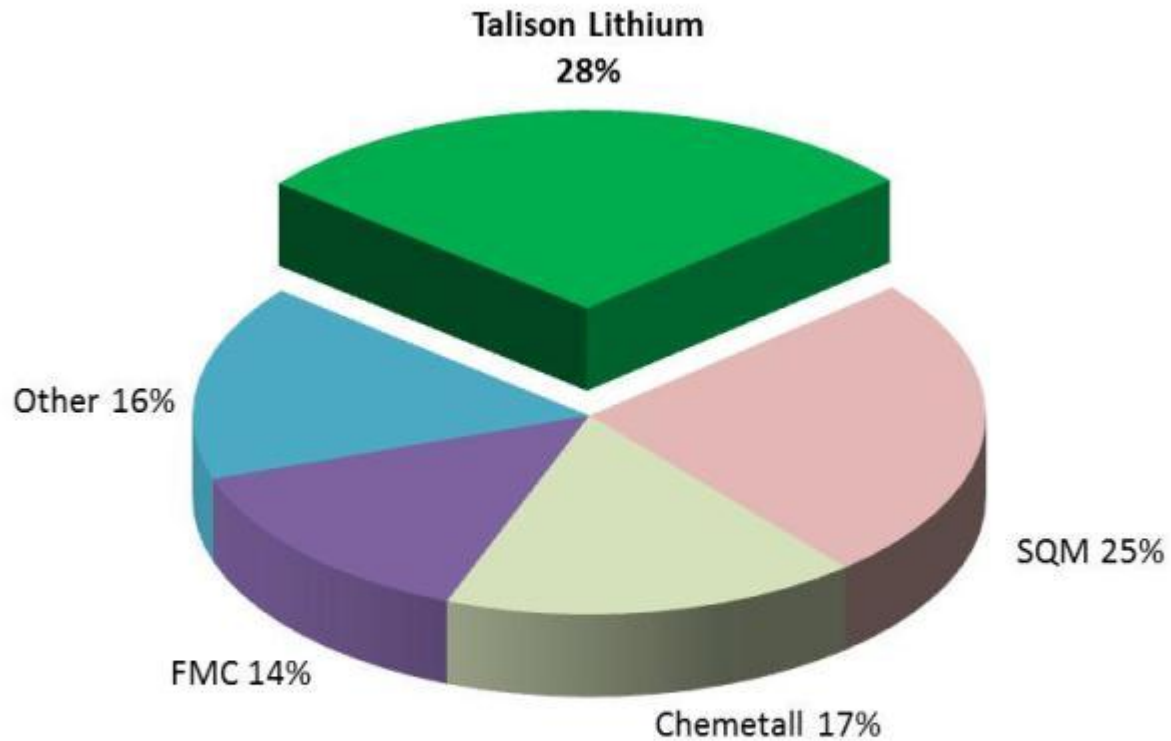
## Strong demand outlook for all applications



Source: Talison  
Based on current market conditions and pricing



## Current global supply dominated by 4 existing producers



Lithium Supply by Company, 2010  
Source: Roskill



## Existing producers will expand to meet market demand

### ❖ Existing producer advantages

- Highest quality lithium deposits
- Economies of scale
- Existing infrastructure and logistics
- Experienced technical capabilities

### ❖ Expansion advantages

- Scalable operations
- Incremental capital costs

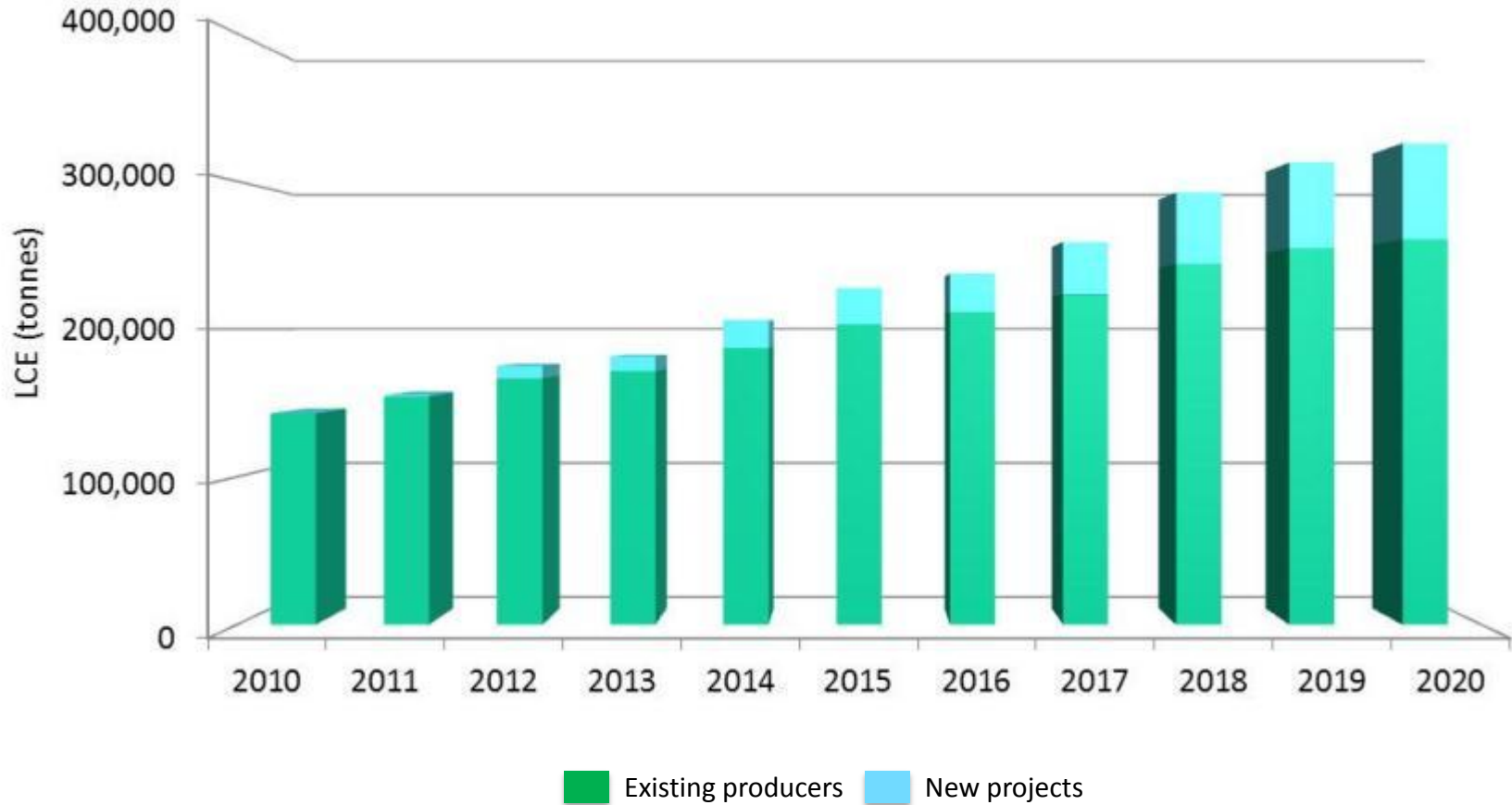
### ❖ New projects take time

- Lower quality lithium deposits
- High capital costs
- Technical challenges
- Substantial ramp up period





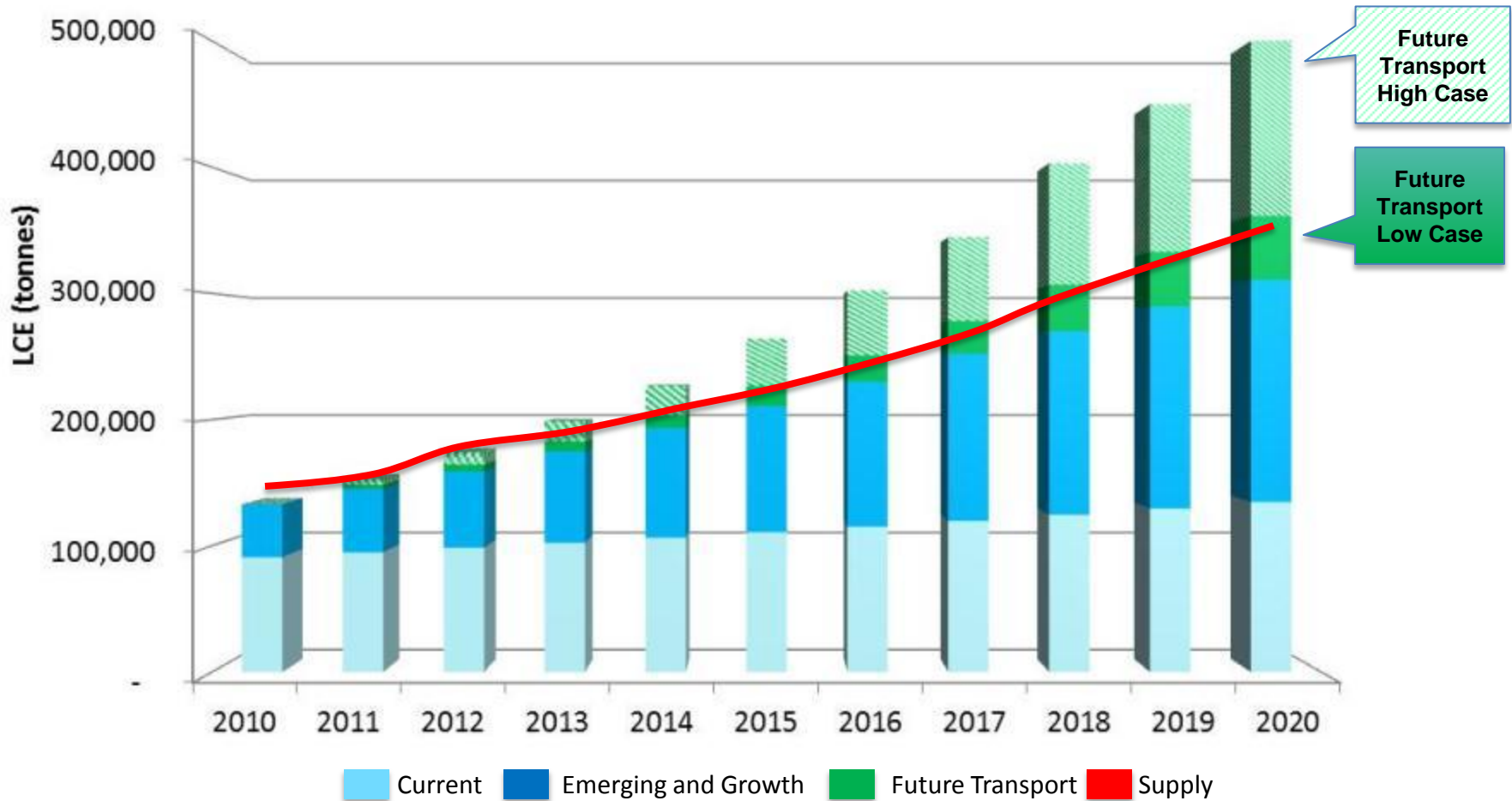
## New projects not expected to have a major impact on supply



Source: Talison  
Based on current market conditions and pricing



## Supply / demand conditions tightening



Source: Talison  
Based on current market conditions and pricing



## Greenbushes Lithium Operations – Western Australia



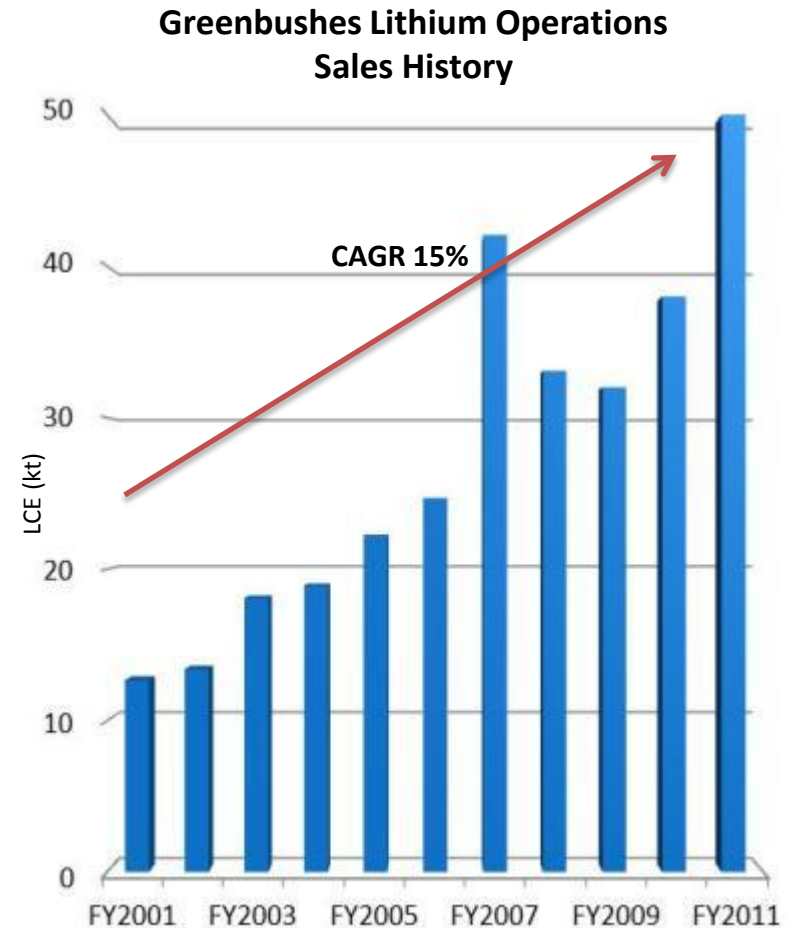
- ❖ Lithium producer for over 25 years
- ❖ Highest grade lithium mineral resource in the world
- ❖ 22 year mine life
- ❖ Attractive location near major port and key infrastructure





## Consistent growth in lithium sales at Greenbushes

- ❖ Greenbushes production capacity doubling to 110,000tpa LCE in 2012
- ❖ Provides feedstock for proposed Minerals Conversion Plant
- ❖ Greenbushes supplies the majority of China's lithium
- ❖ China is the largest lithium consumer globally ~1/3 of total world consumption
- ❖ Talison's Chinese customers are rapidly expanding capacity to meet domestic demand



Source : Talison  
Excludes sales of crushed ore



## Proposed Minerals Conversion Plant

- ❖ To provide additional secure supply of lithium carbonate
  - First stage: 20,000tpa LCE
  - Second stage: 20,000tpa LCE
- ❖ Proposed capacity
  - First stage: 20,000tpa LCE
  - Second stage: 20,000tpa LCE
- ❖ Engineering and location studies commenced
  - Estimate of capital and operating costs expected by the end of calendar 2011
- ❖ Discussions with potential customers underway
- ❖ Targeting commissioning FY2015
  - Investigating acceleration of timetable

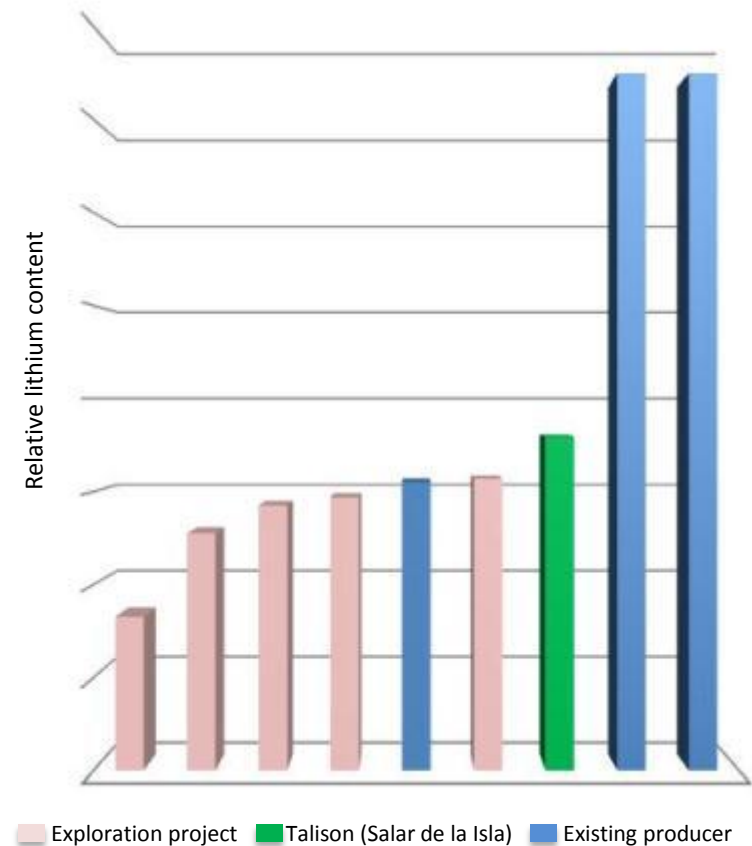




## Salares 7 Project – Atacama Region III, Chile

- ❖ Outstanding results for both lithium and potassium from initial drilling at Salar de la Isla
- ❖ Results elevated and consistent
- ❖ Compares favorably with other brine exploration projects
- ❖ Acceleration of further drilling to define a potential lithium mineral resource estimate
- ❖ Targeting production FY2016+

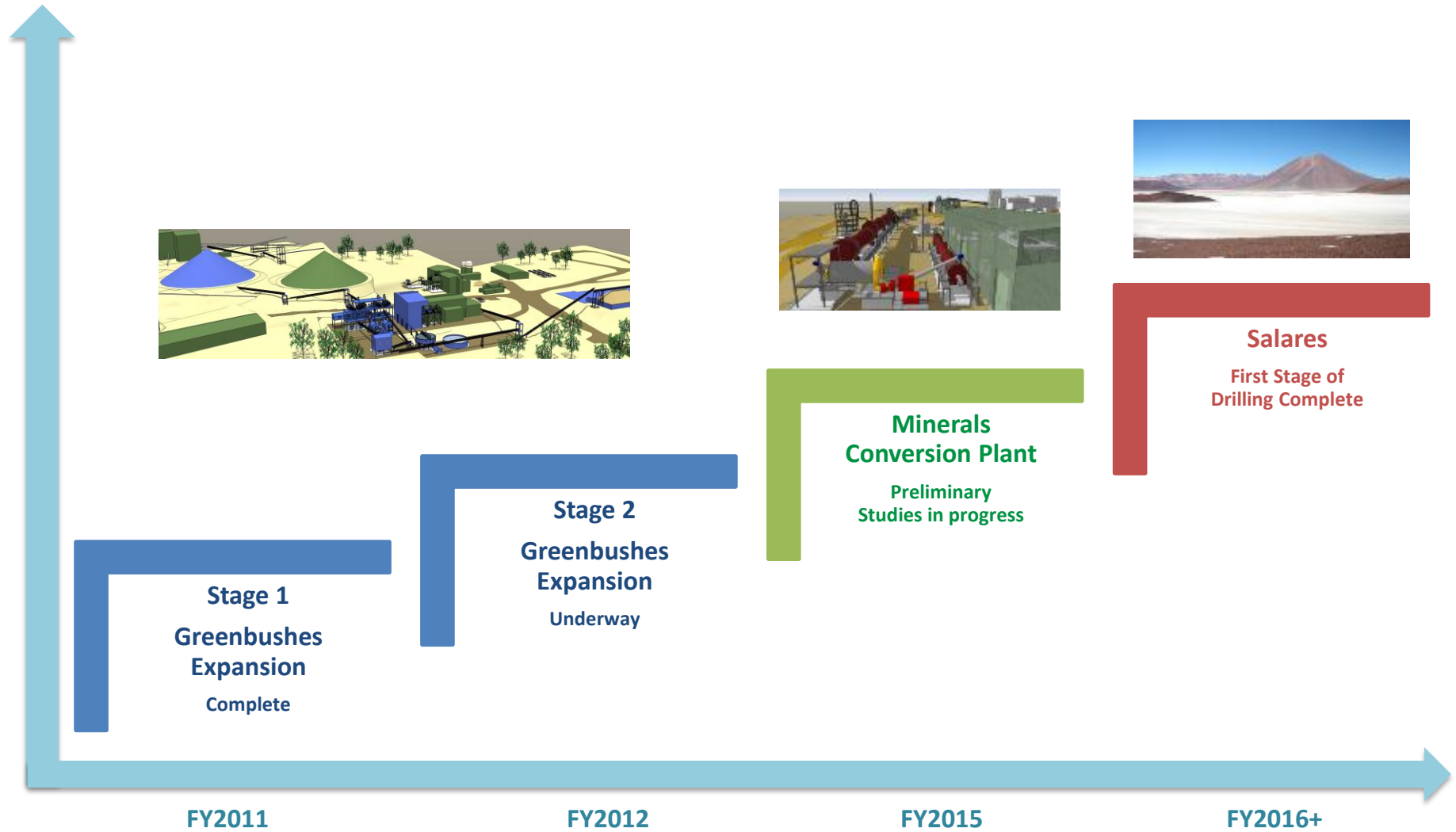
Comparison of lithium brine projects



Source : Talison



# Talisson's growth strategy





## Strong operating results

	Fiscal Year 2011 (Audited)	Q4 2011 (Unaudited)	Q3 2011 (Unaudited)	Q2 2011 (Unaudited)	Q1 2011 (Unaudited)
Sales volume (tonnes lithium concentrate)	<b>339,501</b>	92,416	97,001	97,559	52,525
Average sales price (US\$/tonne lithium concentrate)	<b>US\$308</b>	US\$302	US\$303	US\$315	US\$313

### A\$

Sales revenue (\$m)	<b>A\$109,501</b>	A\$26,412	A\$29,207	A\$32,810	A\$21,072
EBITDA (\$m)	<b>A\$24,066</b>	A\$5,755	A\$6,308	A\$7,233	A\$4,770
EBITDA as a percentage of sales revenue (%)	<b>22%</b>	22%	22%	22%	23%
NPAT (\$m)	<b>A\$22,066</b>	A\$7,891	A\$3,874	A\$5,297	A\$5,874
Basic EPS (cents/share)	<b>25.7</b>	7.3	3.8	5.6	11.0

### US\$\*

Sales revenue (\$m)	<b>US\$117,166</b>	US\$28,261	US\$30,083	US\$33,138	US\$20,377
EBITDA (\$m)	<b>US\$25,751</b>	US\$6,153	US\$6,497	US\$7,305	US\$4,613
EBITDA as a percentage of sales revenue (%)	<b>22%</b>	22%	22%	22%	23%
NPAT (\$m)	<b>US\$24,542</b>	US\$8,443	US\$3,990	US\$5,350	US\$5,680
Basic EPS (cents/share)	<b>27.5</b>	7.9	3.8	5.6	11.0



## Strong balance sheet

**Net working capital position as at June 30, 2011: A\$122.9 mil (US\$133.6 mil)**

- **Cash and cash equivalents: A\$102.6 mil (US\$109.8 mil)**
- **Trade and other receivables: A\$21.5 mil (US\$23.0 mil)**

**US\$30 million senior debt, 3 year term, interest rate LIBOR plus 3.5% margin**

**Completed C\$80 million equity financing to fund growth projects, February 2011**



## Proven Management Team

**Peter Oliver**  
*CEO / MD*

- Over 20 years of lithium mining and production experience
- Former COO of Talison and General Manager at the Greenbushes Lithium Operations

**Lorry Mignacca**  
*CFO & Company Secretary*

- Over 25 years experience as a Chartered Accountant, the bulk of which is with Talison or its predecessor
- Previous finance roles with Normandy Mining (formerly ASX:NDY) and Barrack Mines (formerly (ASX:BRM)

**Frank Wheatley**  
*Executive Director Corporate Affairs & Strategy*

- Over 25 years of public Canadian company experience
- Former VP and General Counsel of Gabriel Resources (TSX:GBU)

**Paul Wallwork**  
*Marketing Manager*

- Over 20 years sales experience in the chemicals/mineral resource industries
- Variety of technical, sales and marketing management roles for companies including Iluka Resources (ASX:ILU) and ICI Australia (formerly ASX:ICI)

**Pat Scallan**  
*General Manager  
Greenbushes Lithium Operations*

- General Manager at Greenbushes since 1997
- Previous senior roles with Gwalia Consolidated and various mineral sands operations in Western Australia



## Stock information

### ❖ Toronto Stock Exchange: Symbol TLH

- Shares outstanding: 112 mil (free float 43.5 mil)
- Market Cap: C\$418 mil (US\$428mil)

### ❖ Analyst coverage

- Jonathan Lee, Byron Capital Markets Ltd (647) 426-1674
- Edward Otto, Cormark Securities Inc. (416) 943-6748
- David Davidson, Paradigm Capital Inc. (416) 360-3462

**Talisson Lithium share price performance**



Source : TMX



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## Disclosure Regarding Financial Information

### 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 June 30, 2011 and for the three and twelve month periods ended June 30, 2011. This presentation should be read in conjunction with the audited Annual Report of Talison and the related notes thereto as at June 30, 2011 and for the three and twelve months ended June 30, 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 (the “Reorganization”), 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 year ended June 30, 2010. The results of the Greenbushes Lithium Operations prior to the Reorganization 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 June 30, 2011 and for the three and twelve months ended June 30, 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 June 30, 2011 and for the three and twelve months ended June 30, 2011 (which can be found on Talison’s SEDAR profile at [www.sedar.com](http://www.sedar.com)).



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