



Talisson Lithium



Fiscal Q4 and Full Year 2011 Financial Results Conference Call

September 12, 2011

Peter Oliver, Chief Executive Officer
Lorry Mignacca, Chief Financial Officer



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Presenters



Peter Oliver, Chief Executive Officer



Lorry Mignacca, Chief Financial Officer



Call Agenda

- Operational Highlights
- Financial Results
- Outlook
- Questions and Answers



Operational Highlights

Peter Oliver, Chief Executive Officer



Operating Highlights*

- ❖ For the Fourth Quarter, production increased 25% (+30% in 2011 Fiscal Year), and sales volumes increased 5% (+32% in 2011 Fiscal Year) over the corresponding period in the prior year
 - Talison is continuing to produce and sell lithium concentrate at capacity
- ❖ Construction of the Stage 2 expansion of the Greenbushes Lithium Operations to more than double nameplate total production capacity continuing
- ❖ Studies into proposed Minerals Conversion Plant underway
- ❖ 157% increase in lithium Proven and Probable Mineral Reserves
 - Mine life extended by 10 years to 22 years
- ❖ Outstanding results from initial drilling at the Salares 7 Project



Key Operating Statistics *

- ❖ Strong production and sales growth from the Greenbushes Lithium Operations during the 2011 Fiscal Year
 - Production and sales capacity expected to remain constrained until completion of the expansion in the Fourth Quarter 2012 Fiscal Year

	Three Months Ended Jun 30, 2011	Three Months Ended Jun 30, 2010	Percentage Change	Twelve Months Ended Jun 30, 2011	Twelve Months Ended Jun 30, 2010	Percentage Change
Production						
Lithium concentrate (tonnes)	89,505	71,627	25%	342,097	262,539	30%
Equivalent to lithium carbonate (tonnes)	13,000	11,000		51,000	39,000	
Sales						
Lithium concentrate (tonnes)	92,416	88,208	5%	339,501	256,767	32%
Equivalent to lithium carbonate (tonnes)	14,000	13,000		50,000	38,000	
Average sales price (US\$/ tonne lithium concentrate)	US\$302	US\$298	1%	US\$308	US\$281	10%



Growth Projects

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)
- ❖ Construction currently underway
- ❖ Commissioning anticipated to commence in Fourth Quarter 2012 Fiscal Year



Pouring concrete for the new finished product stockpile



Pouring concrete for the new chemical-grade plant



Growth Projects (cont'd)

Proposed Minerals Conversion Plant

- ❖ To convert lithium minerals to lithium carbonate
- ❖ Proposed capacity
 - First stage: 20,000tpa LCE
 - Second stage: 20,000tpa LCE
- ❖ Engineering and location studies commenced
 - Updated estimate of capital costs and operating costs expected by the end of calendar 2011
- ❖ Discussions with potential customers underway
 - Test facility to be constructed to produce product samples
- ❖ Targeting commissioning 2015 Fiscal Year
 - In response to market feedback and global supply conditions, acceleration of the timetable is being investigated



Growth Projects (cont'd)

Salares 7 Project

- ❖ Initial reconnaissance drilling at Salares 7 Project
 - Outstanding results for both lithium and potassium at Salar de la Isla
 - Results elevated and consistent
 - Compares favorably with other brine exploration projects
- ❖ Acceleration of further exploration to define a potential lithium mineral resource estimate at Salar de la Isla
 - Commencing in the southern hemisphere summer
 - Drilling 5,000 metres at varying depths using a customised sonic drill rig
 - Investment of approximately A\$5m in 2012 Fiscal Year



Financial Highlights

Lorry Mignacca, Chief Financial Officer



Financial Results Highlights *

Fourth Quarter

- ❖ Sales revenue in US\$ terms, increased 8% over Q4 2010 Fiscal Year
- ❖ Operating costs per tonne decreased 21% due to a 15% improvement in average product yields
- ❖ EBITDA of A\$5.8 million, impacted by 21% increase in the value of the A\$ against the US\$ over the prior year
- ❖ Net profit after tax (“NPAT”) of A\$7.9m and basic earnings per share of A\$0.073



Financial Results Highlights *

2011 Fiscal Year

- ❖ Sales revenue of A\$109.5m, a 35% increase over the 2010 Fiscal Year
- ❖ Operating cost per tonne decreased 12% due to improved average product yields and lower unit processing costs.
- ❖ EBITDA of A\$24.1 million, a 29% increase over the 2010 Fiscal Year
- ❖ EBITDA margin remained steady at 22%
- ❖ NPAT of A\$22.9m and basic earnings per share of A\$0.257
- ❖ Cash flow from operations of A\$22.3 m, a A\$15.4m increase over 2010 Fiscal Year
- ❖ Net working capital position of A\$122.9m as at June 30, 2011



Outlook

First Quarter 2012 Fiscal Year

- ❖ Production and sales of lithium concentrate expected to be in-line with the Fourth Quarter 2011 Fiscal Year

2012 Fiscal Year

- ❖ Demand for both technical-grade and chemical-grade lithium concentrate expected to remain strong
- ❖ Full year contribution from the Stage 1 expansion of the Greenbushes Lithium Operations expected
- ❖ Positive price movements expected in calendar 2012
- ❖ Production and sales of lithium concentrate expected to be in-line with the Fourth Quarter 2011 Fiscal Year on annualized basis



Questions & Answers



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 ₂ O Grade (%)	LCE (Mt)	Tonnage (Mt)	Li ₂ 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
Total Measured and Indicated Mineral Reserves	31.4	3.1	2.39	9.6	3.9	0.93

- Notes:
- (1) There may be some rounding errors in totals.
 - (2) For the updated calculation (as of March 31, 2011) a 2% Li₂O 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 ₂ O Grade (%)	LCE (Mt)	Tonnage (Mt)	Li ₂ 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
Total Measured and Indicated Mineral Resources	70.4	2.6	4.56	22.0	3.7	2.01
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% Li₂O 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% Li₂O 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).



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 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 for Talison and the related notes thereto as at June 30, 2011 and for the three and twelve month periods 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, 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 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).

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 as at June 30, 2011 and for the three and twelve month periods ended June 30, 2011 (which can be found on Talison’s SEDAR profile at 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 Li_2O , calcium oxide (CaO), ferric oxide (Fe_2O_3), potassium oxide (K_2O), manganese oxide (MnO), sodium oxide (Na_2O), phosphorus oxide (P_2O_5), tin (Sn), and tantalum oxide (Ta_2O_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.

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 was filed on SEDAR on June 15, 2011. 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.

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% Li_2O 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.