



TALISON LITHIUM REPORTS POSITIVE RESULTS FROM INITIAL DRILL PROGRAM AT SALARES 7 PROJECT

Results from *Salar de la Isla* indicate up to 1,080 mg/l Lithium and up to 9,830 mg/l Potassium

NEWS RELEASE

Perth, Western Australia, May 25, 2011 – Talison Lithium Limited (“Talison” or the “Company”) (TSX:TLH) is pleased to announce the results from the first drill program at two of the seven salars that comprise the Salares 7 Project (“Salares 7”) in Chile.

Highlights

- **Initial shallow reconnaissance drill programs completed at *Salar de la Isla* and *Salar de Las Parinas***
- **Brine analyses at *Salar de la Isla* indicate:**
 - **up to 1,080 milligrams per liter (“mg/l”) lithium, with an average of 863 mg/l lithium; and**
 - **up to 9,830 mg/l potassium, with an average of 7,979 mg/l potassium**
- **Brine analyses at *Salar de Las Parinas* indicate:**
 - **up to 480 mg/l lithium, with an average of 331 mg/l lithium; and**
 - **up to 8,210 mg/l potassium, with an average of 5,650 mg/l potassium**

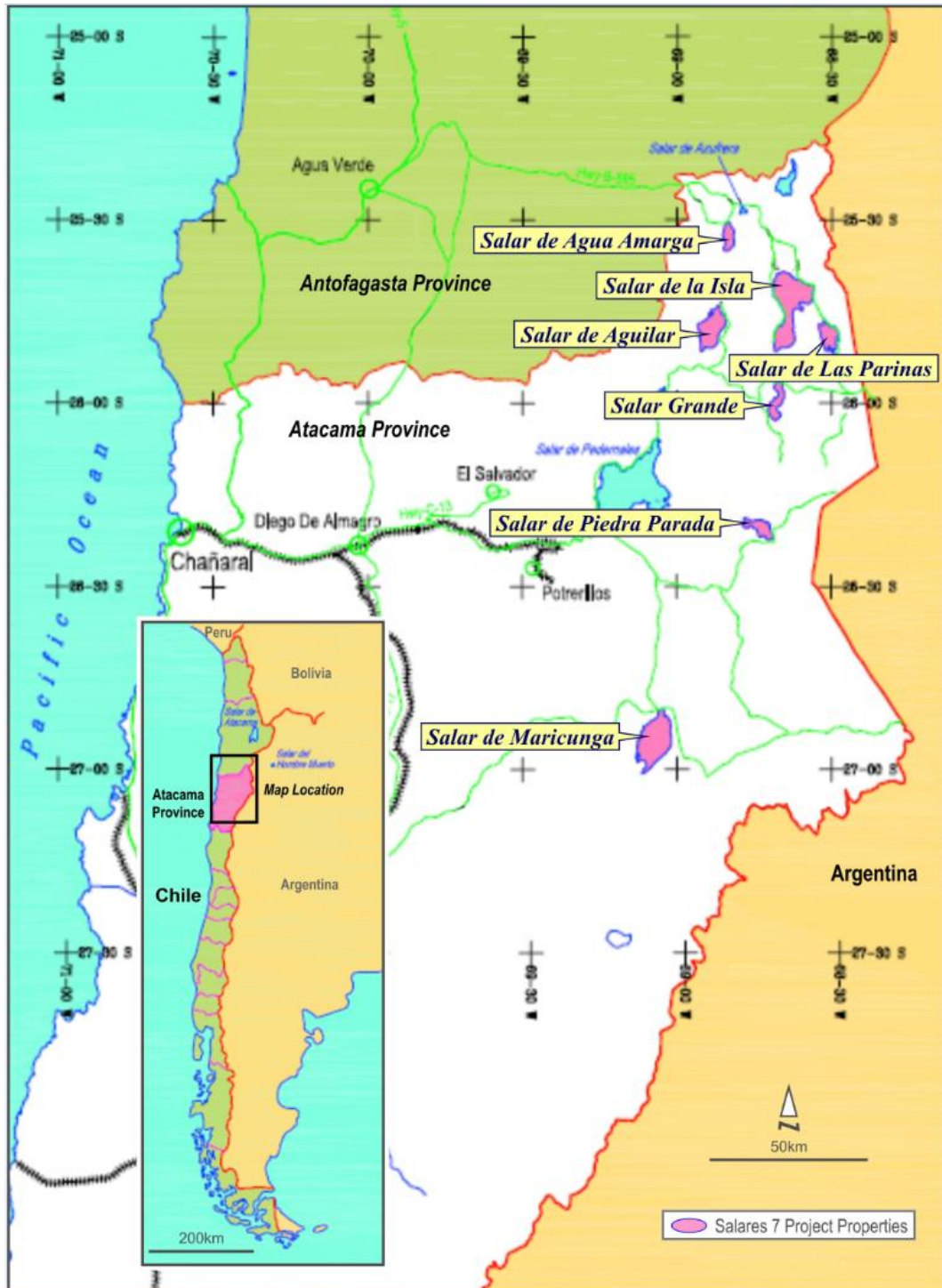
Peter Oliver, Chief Executive Officer, commented, “We are excited about the results from our initial reconnaissance drill program. The results are very encouraging for the further development of Salares 7 to meet the expected future growth in demand for lithium-ion batteries in the years ahead, and support the confidence that Talison has in the potential of Salares 7. With lithium values of up to 1,080 mg/l, we believe Salares 7 has the potential to be amongst the world’s best new lithium brine prospects.”

Salares 7 Overview

Salares 7 consists of seven salars (salt lakes) and playas located in the Atacama Region of Northern Chile. Five of the seven salars are 100% owned by Talison and its Chilean partners, and these five are clustered within a radius of approximately 30kms. The salars are largely underlain and surrounded by volcanic rocks of andesitic to basaltic affinity that make up some of the 800 volcanoes located in the Andes Mountains of northern Chile.

Talison’s exploration program at Salares 7 to date has included Transient Electromagnetic (TEM) geophysical surveys, regional surface water geochemical sampling programs, site access preparation and an initial shallow reconnaissance drill program on two of the salars. The location of Salares 7 is set out in Figure 1.

Figure 1: Location Map Salares 7



Initial Drill Program

a) Objectives

Talison established and achieved the following specific objectives for the initial drill program:

- Shallow reconnaissance drilling in selected areas of the two salars;
- Formation of a well-qualified and experienced team to oversee the drilling program; and
- Establishment of very stringent sampling and analytical quality control procedures to ensure integrity of the drill samples and to meet the requirements of NI 43-101 reporting.

b) Drill Program

The initial drill program consisted of shallow reconnaissance drilling utilizing a sonic drill rig at *Salar de la Isla* and *Salar de Las Parinas*. A total of 33 holes were completed for a total of 557 metres at sites generally located between one and three kilometres apart. The maximum depth drilled was 43.5 metres and the average depth of the holes was approximately 17 metres.

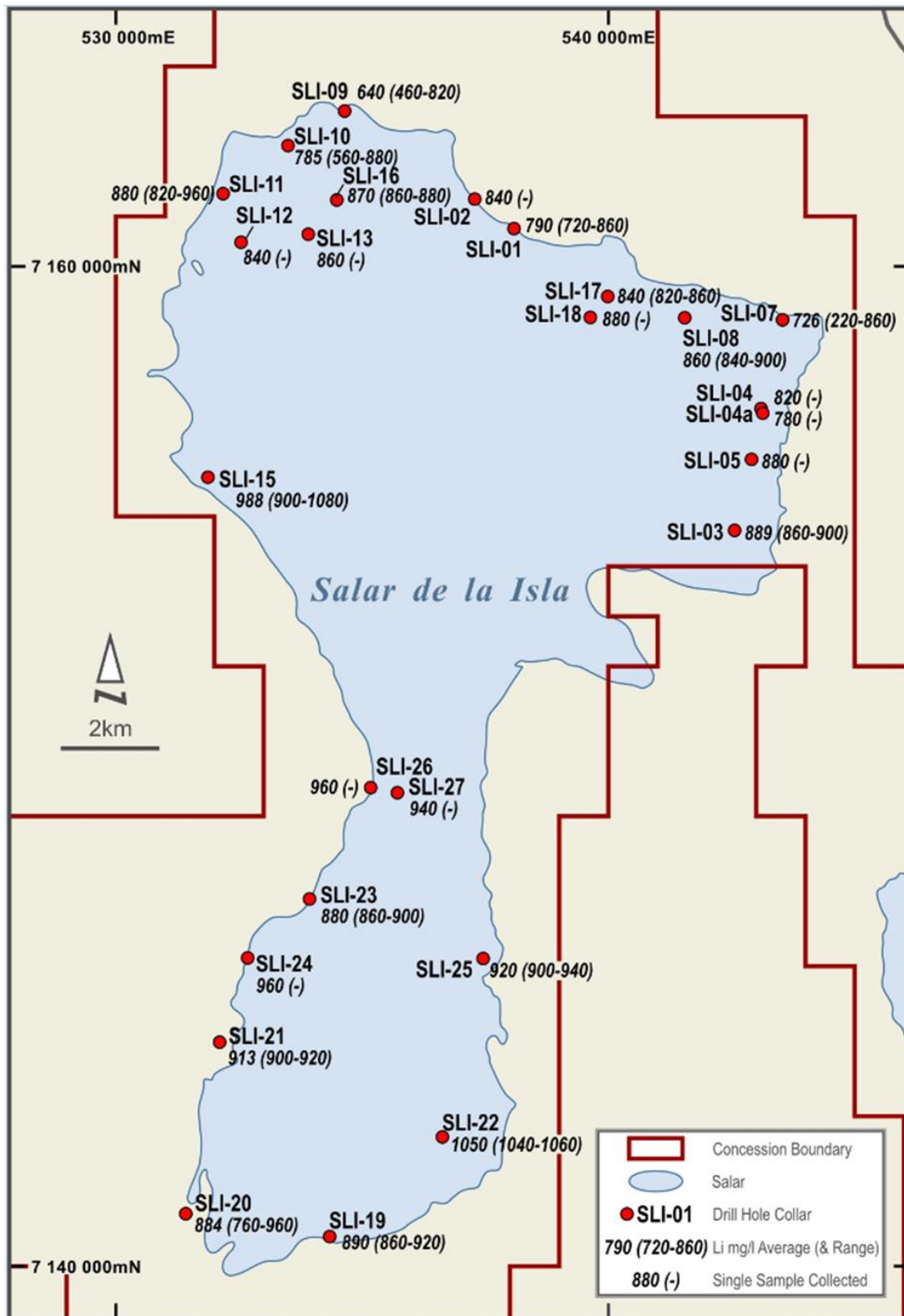
c) Drill Results

A total of 91 drill hole brine samples were collected at varying depths of up to 42 metres from 26 holes located in *Salar de la Isla* and 7 holes located in *Salar de Las Parinas*. Each sample was analysed to measure relevant chemical and physical characteristics. In addition, a comprehensive protocol of standard, blank and duplicate samples formed the Quality Control/Quality Assurance program.

Continuous drill cores have been collected and geologically logged. Selected drill core samples have been submitted for laboratory determination of physical characteristics including porosity and permeability. Results are not yet available.

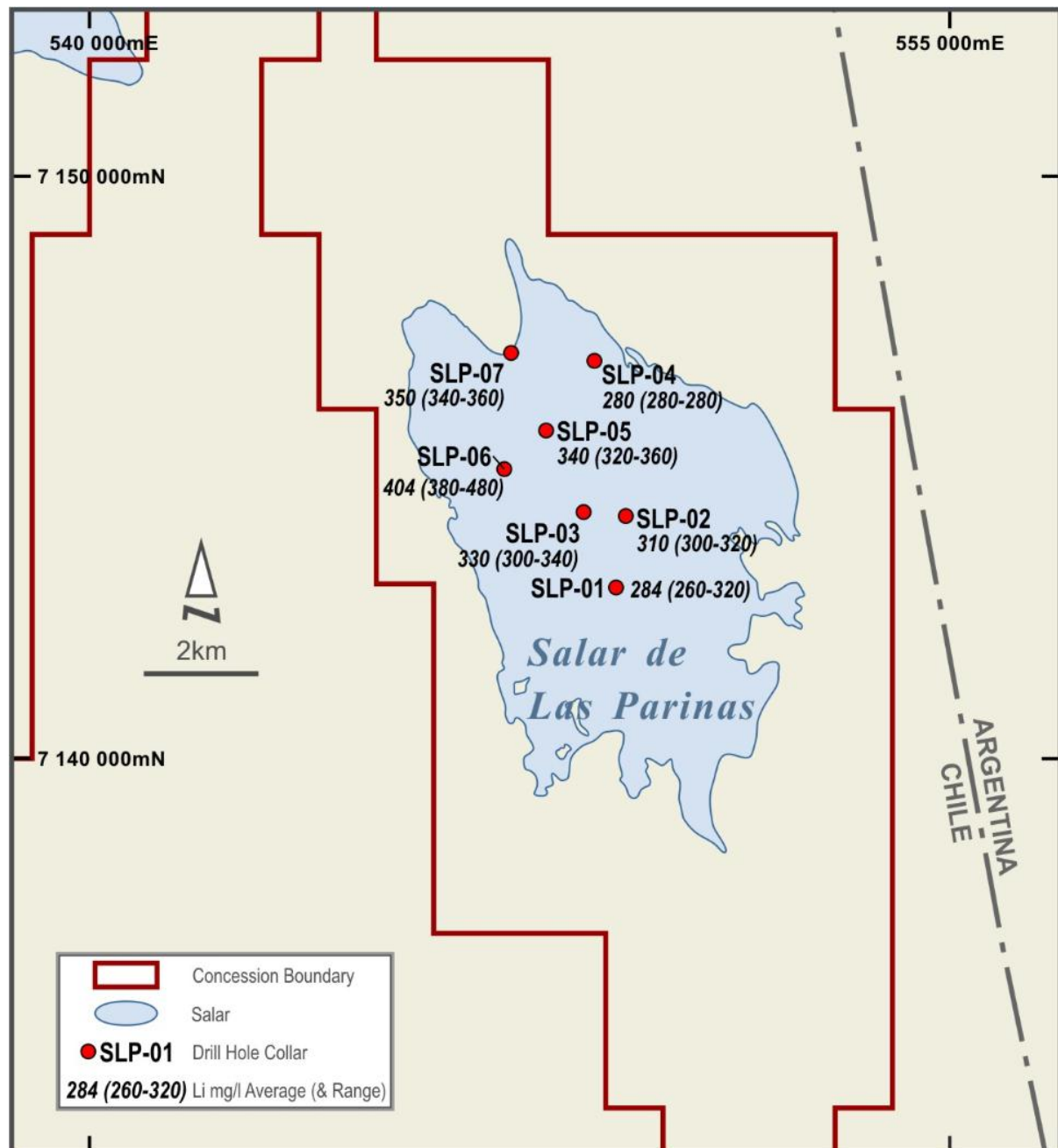
Samples from *Salar de la Isla* demonstrate lithium values ranging from 220 mg/l to 1,080 mg/l with an average of 863 mg/l, and potassium values ranging from 1,960 mg/l to 9,830 mg/l with an average of 7,979 mg/l. The drill holes and corresponding lithium values on *Salar de la Isla* are shown in Figure 2, and further information is contained in Table 1.

Figure 2: Salar de la Isla Drill Hole Collar Plan and Lithium Results Summary



Samples from *Salar de Las Parinas* demonstrated lithium values ranging from 260 mg/l to 480 mg/l with an average of 331 mg/l, and potassium values ranging from 4,440 mg/l to 8,210 mg/l with an average of 5,650 mg/l. The drill holes and corresponding lithium values on *Salar de Las Parinas* are shown in Figure 3, and further information is contained in Table 2.

Figure 3: *Salar de Las Parinas* Drill Hole Collar Plan and Lithium Results Summary



Further Exploration at Salares 7

The drilling completed to date at Salares 7 is considered preliminary. Wider coverage and follow-up drilling to greater depths will be required to support the definition of a potential mineral resource.

Interpretation of the shallow reconnaissance drilling results in relation to geological profiles and TEM surveys is continuing and is expected to provide input to further drill programs currently being planned for *Salar de la Isla*, *Salar de Las Parinas* and the other salars.

The next stage of exploration on site will include environmental base line studies, regional geochemical sampling programs and drill testing on a number of the salars, and is planned to commence during the summer season in Chile.

Quality Control

The brine liquid samples from the Salares 7 drill program, including randomly inserted quality control samples comprising blind standards, replicates and duplicates, were analyzed by Talison's laboratory at the Greenbushes Lithium Operations. Talison's laboratory at the Greenbushes Lithium Operations is certified ISO9002 for the preparation and analysis of various sample types, included waters.

Furthermore, the laboratory at the Greenbushes Lithium Operation has internal quality systems, which include replicate laboratory analyses, and analysis of known standards. Known solution standards and blanks are embedded in each batch and the accuracy of the calibration is monitored during the analysis of each batch.

In addition, blind standard samples from Salares 7 were submitted to several independent check laboratories in South America and North America, as a round robin test. Results for these round robin samples are being finalised at this time. However, available quality control results (discussed above) indicate that the Salares 7 dataset is valid and acceptable for the purposes of this initial reconnaissance program.

Table 1: Drill Hole Brine Sample Results – Salar de la Isla

Salar de la Isla										
Hole	Sample									
Hole	Depth (m)	SG	Li	Na	B	Ca	K	Mg	SO ₄	Cl
		g/cm ³	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l
SLI-01	8.0	1.18	720	87200	180	420	6550	4840	10700	159335
SLI-01	17.0	1.21	860	104000	196	520	7860	5610	12300	196888
SLI-02	16.8	1.21	840	102000	198	520	7700	5480	11900	190987
SLI-03	6.5	1.21	880	104000	200	480	8260	5800	12500	198498
SLI-03	12.5	1.22	900	106000	200	480	8360	5870	12500	194206
SLI-03	18.5	1.21	900	106000	200	480	8310	5840	12400	194742
SLI-03	24.5	1.21	880	105000	200	500	8130	5720	12300	185086
SLI-03	30.5	1.2	900	105000	220	480	8280	5830	12400	188305
SLI-03	36.5	1.21	900	105000	200	460	8250	5810	12500	192060
SLI-03	39.5	1.21	860	106000	200	480	8210	5830	12500	191524
SLI-04	6.5	1.21	820	109000	194	520	7830	5420	11800	193670
SLI-04A	6.0	1.2	780	105000	182	500	7230	5040	10700	194079
SLI-05	6.0	1.21	880	108000	220	480	8320	5870	12400	197425
SLI-07	6.0	1.06	220	26100	54	220	1960	1460	2750	46710.5
SLI-07	12.0	1.15	580	70600	140	420	5230	4020	8730	119408
SLI-07	18.0	1.21	840	102000	191	460	7870	5570	11900	182940
SLI-07	24.0	1.21	860	107000	200	480	8170	5750	12300	189378
SLI-07	30.0	1.21	860	106000	200	460	8150	5770	12400	190987
SLI-07	36.0	1.21	860	106000	200	460	8140	5740	12200	190451
SLI-07	42.0	1.19	860	105000	200	460	8090	5690	11900	189914
SLI-08	6.0	1.21	900	110000	200	540	8500	5920	12600	187232
SLI-08	12.0	1.2	840	102000	199	480	7780	5550	11900	188048
SLI-08	15.5	1.21	840	104000	200	520	7690	5500	11200	194079
SLI-09	6.0	1.11	460	56000	114	680	3960	3200	7520	104795
SLI-09	12.0	1.2	820	101000	191	460	7540	5390	11600	194079
SLI-10	6.0	1.13	560	70200	142	1040	5140	3880	10200	118062
SLI-10	12.0	1.2	820	98500	190	500	7470	5370	11600	183017
SLI-10	18.0	1.21	880	104000	200	500	8130	5880	12300	190241
SLI-10	24.0	1.21	880	106000	220	520	8300	5940	12500	194079
SLI-11	6.0	1.21	880	106000	200	500	8320	5930	12700	194627
SLI-11	12.0	1.21	900	106000	200	500	8500	6050	12600	193966
SLI-11	18.0	1.21	880	103000	197	480	8240	5880	12200	193531
SLI-11	24.0	1.19	820	97600	180	600	7620	5490	11900	174342
SLI-11	30.0	1.2	840	103000	195	460	7800	5570	11700	177632
SLI-11	36.0	1.21	960	118000	220	500	9020	6330	13300	197917
SLI-12	6.0	1.21	840	103000	194	500	7860	5540	11600	198312
SLI-13	6.0	1.2	860	105000	187	520	8090	5580	11800	185307
SLI-15	6.0	1.21	1060	99600	240	380	9630	6900	14400	194627
SLI-15	12.0	1.2	1080	100000	240	380	9820	6990	14300	191886
SLI-15	18.0	1.21	980	106000	220	440	9020	6360	13400	196272
SLI-15	24.0	1.21	900	107000	220	460	8380	5920	12500	195175
SLI-15	30.0	1.21	920	105000	200	440	8460	5970	12400	196272
SLI-16	6.0	1.22	860	106000	220	480	8180	5830	12000	197176
SLI-16	12.0	1.21	880	106000	220	480	8300	5920	12300	184100
SLI-17	6.0	1.2	820	100000	220	580	7740	5660	11800	184623
SLI-17	12.0	1.21	860	104000	220	500	8160	5840	12000	196653
SLI-18	6.0	1.22	880	105000	220	560	8230	5840	10800	198222
SLI-19	6.0	1.21	860	101000	196	460	7570	5500	11800	187261
SLI-19	12.0	1.21	920	104000	200	520	8050	5800	12200	193487
SLI-20	6.0	1.18	760	89200	179	360	6770	4950	11600	170019
SLI-20	12.0	1.2	860	102000	200	420	7690	5590	13100	185345
SLI-20	18.0	1.2	940	107000	280	440	8640	6130	13600	190217
SLI-20	24.0	1.2	960	109000	280	420	8690	6190	14700	192529
SLI-20	30.0	1.2	900	102000	200	400	7850	5680	13500	192529
SLI-21	6.0	1.2	920	106000	200	420	8110	5820	13400	196360
SLI-21	12.0	1.21	900	108000	220	460	8540	6150	14300	191092
SLI-21	18.0	1.21	920	107000	220	440	8710	6280	14100	193676
SLI-22	6.0	1.21	1060	107000	300	440	9830	6790	15600	192529
SLI-22	12.0	1.21	1040	105000	300	440	9770	6750	15200	193966
SLI-23	6.0	1.21	860	104000	200	440	8070	5870	12800	196839
SLI-23	12.0	1.21	880	109000	220	480	8300	5990	13300	193487
SLI-23	18.0	1.21	900	110000	220	480	8330	6000	13300	194923
SLI-24	6.0	1.21	960	110000	214	460	8750	6160	13500	194444
SLI-25	6.0	1.2	940	108000	214	460	8550	6030	13000	196429
SLI-25	12.0	1.21	900	104000	194	480	8250	5840	12400	195437
SLI-26	6.0	1.21	960	109000	214	480	8780	6170	13000	196429
SLI-27	6.0	1.2	940	110000	214	460	8530	5970	12800	204365

Table 2: Drill Hole Brine Sample Results – Salar de Las Parinas

Salar de Las Parinas										
	Sample									
Hole	Depth (m)	SG	Li	Na	B	Ca	K	Mg	SO ₄	Cl
		g/cm ³	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l
SLP-01	6.0	1.2	260	108000	300	580	4440	2610	11000	189854
SLP-01	12.0	1.2	260	108000	300	580	4550	2740	11400	189854
SLP-01	18.0	1.21	280	110000	320	580	4580	2830	11600	185824
SLP-01	24.0	1.2	320	111000	360	540	5220	3290	12400	188808
SLP-01	30.0	1.21	300	109000	360	480	5110	3130	13800	186192
SLP-02	6.0	1.21	300	113000	380	480	5120	3250	13900	191946
SLP-02	12.0	1.21	300	108000	380	500	5020	3190	13000	188697
SLP-02	18.0	1.21	320	115000	420	520	5320	3320	13800	191423
SLP-02	24.0	1.21	320	114000	400	520	5380	3440	13700	189854
SLP-03	6.0	1.21	340	113000	500	360	5810	3720	17400	186715
SLP-03	12.0	1.21	300	112000	400	500	5270	3350	13800	189854
SLP-03	18.0	1.21	340	110000	440	440	5620	3620	15300	186715
SLP-03	24.0	1.21	340	109000	440	460	5670	3620	14600	186715
SLP-04	6.0	1.21	280	114000	320	480	4870	3160	12700	191946
SLP-04	12.0	1.21	280	115000	320	500	4950	3200	12900	192469
SLP-05	6.0	1.21	320	114000	420	400	5560	3370	15100	196653
SLP-05	12.0	1.21	360	113000	480	400	6210	3870	18100	187762
SLP-06	6.0	1.22	480	111000	380	420	8210	5080	16100	197318
SLP-06	12.0	1.21	380	118000	400	460	6770	4040	16500	191571
SLP-06	18.0	1.21	380	111000	420	420	6560	4030	15700	194444
SLP-06	24.0	1.21	400	111000	420	420	6920	4260	16300	189655
SLP-06	30.0	1.22	380	114000	440	440	6690	4080	15900	192050
SLP-07	6.0	1.21	340	109000	340	500	5750	3850	13000	188218
SLP-07	12.0	1.21	360	113000	340	540	5990	3980	13500	190134

Scientific and technical information in this press release was reviewed and approved by Andrew Purvis (BSc (Hons), MSc, MAusIMM), General Manager Geology, and a full time employee of Talison; Dr. Ian Hutcheon (PhD., P. Geo.); and Dr. Mark King (Ph.D., P. Geo.), of Groundwater Insight Inc. Dr. Hutcheon and Dr. King are independent of Talison and each is a “Qualified Person” in accordance with National Instrument 43-101.

About Talison

Talison is a leading global producer of lithium. Talison mines and processes the lithium bearing mineral spodumene at the Greenbushes Lithium Operations in Western Australia. In addition, Talison explores for lithium at the Salares 7 lithium project made up of seven salars (brine lakes and surrounding concessions) located in Region III, Chile. Talison has an extensive, well established global customer network and a leading position in the growing Chinese market.

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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. Such factors, estimates and assumptions include, but are not limited to: anticipated financial and operating performance of Talison, its subsidiaries and their respective projects; Talison's market position; future prices of lithium or lithium concentrates; estimation of mineral reserves and mineral resources; realization of mineral reserve and mineral resource estimates; timing, amount and costs of estimated future production; grade, quality and content of concentrate produced; sale of production; capital, operating and exploration expenditures; costs and timing of the expansion of the Greenbushes Lithium Operations; exploration and development of the Salares 7 lithium project; costs and timing of future exploration; requirements for additional capital; government regulation of exploration, development and mining operations; environmental risks; reclamation and rehabilitation expenses; title disputes or claims; absence of significant risks relating to Talison's mining operations; the costs of Talison's hedging policy; sales risks related to China; currency; interest rates, and limitations of insurance coverage. While Talison considers these factors, estimates and assumptions to be reasonable based on information currently available to it, they may prove to be incorrect and actual results may vary. Readers are cautioned that forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Talison and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such risk factors include, among others, those described in the unaudited interim consolidated financial statements of Talison and the related notes thereto as at and for the three and nine month interim periods ended March 31, 2011 dated May 11, 2011 and under the heading "Risk Factors" in the annual information form of Talison for the year ended June 30, 2010 dated January 12, 2011 and in the short form prospectus of Talison dated February 8, 2011, each of which can be found on Talison's SEDAR profile at www.sedar.com. 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.

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 press release 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.