



TALISON LITHIUM ANNOUNCES PRELIMINARY SECOND QUARTER 2012 SALES VOLUME

NEWS RELEASE

Perth, Western Australia, January 12, 2012 – Talison Lithium Limited (“Talison” or the “Company”) (TSX:TLH) today announced its preliminary sales volume and production results for the three months ended December 31, 2011 (“Q2 FY2012”). The Company also provided an update on its growth projects encompassing its Australian capacity expansion, lithium minerals conversion plant and Salares 7 brine project.

Preliminary Results

Talison sold 75,221 tonnes lithium concentrate during Q2 FY2012 (or approximately 11,200 tonnes lithium carbonate equivalent (“LCE”). Sales in the quarter were affected by significant congestion at the Port of Bunbury due to berth closures and unplanned Port shutdowns impacting all Port users. This resulted in approximately 38,000 tonnes of Talison’s lithium concentrate sales that were ready at the Port for shipment in early December being delayed into January 2012. These shipments have now departed and will be included in Q3 FY2012 sales. Sales for the 2012 fiscal year are not expected to be affected.

For the six months ended December 31, 2011 Talison sold 155,536 tonnes of lithium concentrate (approximately 23,100 tonnes LCE), a 4% increase compared to the six months ended December 31, 2010.

Q2 FY2012 production was 89,015 tonnes lithium concentrate (approximately 13,200 tonnes LCE), a 7% increase compared to Q2 FY2011. For the six months ended December 31, 2011, Talison produced 179,723 tonnes of lithium concentrate (approximately 26,700 tonnes LCE), a 9% increase compared to the six months ended December 31, 2010.

	Three Months	Three Months	Percentage Change	Six Months	Six Months	Percentage Change
	Ended Dec 31, 2011	Ended Dec 31, 2010		Ended Dec 31, 2011	Ended Dec 31, 2010	
Production*	89,015	83,548	7%	179,723	164,277	9%
Sales*	75,221 ⁽¹⁾	97,559	(23%)	155,536 ⁽¹⁾	150,084	4%

* Tonnes of lithium concentrate

(1) Excludes the approximately 38,000 tonnes of lithium concentrate sales delayed into January 2012.

Growth Projects

Greenbushes Stage 2 Expansion On Schedule and On Budget

The Stage 2 Expansion at the Greenbushes Lithium Operations continues to proceed on schedule and on budget. Foundations for the new chemical-grade plant are complete, installation of steel-work is continuing and the conveyer belt to the finished product stockpile is being constructed.

The Company continues to expect commissioning of the Stage 2 Expansion during Q4 FY2012. Upon completion, the Stage 2 Expansion will double Talison's current production capacity to approximately 740,000 tonnes per annum lithium concentrate (approximately 110,000 tonnes per annum LCE).



Work on the new chemical-grade plant as part of the Stage 2 Expansion at the Greenbushes Lithium Operations.



Conveyer belt to finished product stockpile being constructed as part of the Stage 2 Expansion at the Greenbushes Lithium Operations

Proposed Minerals Conversion Plant

Responding to growing global demand for an additional secure supply of lithium chemicals, particularly from electric vehicle battery manufacturers, Talison is aggressively pursuing its proposed plant to convert lithium minerals into lithium carbonate ("Minerals Conversion Plant").

Commencing in early calendar 2012, the next phase of the project includes a detailed engineering study of a 20,000 tonnes per annum lithium carbonate plant located in Western Australia. Talison is targeting commissioning in FY2015 and anticipates making an investment decision on the project by the end of calendar 2012.

Discussions with potential customers for the Minerals Conversion Plant are continuing positively. To accelerate the formation of customer relationships in Japan, Talison recently signed a Memorandum of Understanding with Sojitz Corporation to discuss on a non-exclusive basis collaborative marketing and distribution opportunities of lithium carbonate produced by Talison to customers in Japan.

Greenbushes Resource Development and Salares 7 Project

Talison is accelerating resource definition drilling at the Greenbushes Lithium Operations due to the encouraging progress to date in the development of the Minerals Conversion Plant.

The objective of accelerating the drilling is to increase lithium mineral reserves and extend the mine life at Greenbushes to support future additional expansions of the lithium concentrate processing plants and a potential doubling in capacity of the Minerals Conversion Plant.

Consequently Talison is reallocating resources in H2 FY2012 from the Salares 7 Project to the drilling at Greenbushes. The drilling program at the Salares 7 Project will be deferred and the focus will be on the environmental approvals process. This is not anticipated to affect the overall development timetable for the Salares 7 Project.

Financial Results Release February

Talison will release its financial results for Q2 FY2012 in mid-February, 2012.

Peter Oliver, Chief Executive Officer and Managing Director of Talison will host a conference call to discuss the results.

Teleconference and replay call details will be distributed prior to the release of financial results.

About Talison

Talison is a leading global producer of lithium. Talison has been producing lithium concentrate for a global customer network from the Greenbushes Lithium Operations in Western Australia for over 25 years. In addition, Talison explores for lithium at the Salares 7 lithium project made up of seven salars located in Region III, Chile.

For further information please contact:

Investor Relations:

ICR, LLC

Gary T. Dvorchak, CFA

Senior Vice President

+1 (310) 954-1123

Gary.Dvorchak@icrinc.com

Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this press release, 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 press release are qualified by these cautionary statements.

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 condensed consolidated interim financial statements of Talison and the related notes thereto as at September 30, 2011 and for the three months ended September 30, 2011 and under the heading "Risk Factors" in the annual information form of Talison for the year ended June 30, 2011 dated September 23, 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.