



SalaresLithium

Talison Minerals and Salares Lithium
Business Combination

Creating a New Global Leader in Lithium

July 2010



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Merger Highlights

- Combination of the world's largest, high quality, low cost lithium producer located in Australia with prospective, large scale brine exploration potential in Chile
- Multiple growth strategies including:
 - Expansion of existing lithium minerals plant to support growing battery demand from China
 - Evaluation of lithium carbonate production at current Australian operations to directly supply battery producers globally
 - Potential for additional future low cost lithium production from Chile
- Extensive, global customer network with the leading position in the expanding Chinese battery market
- Positive market dynamics for lithium, with demand expected to accelerate significantly in future years
- Board and management teams with complementary skills and extensive experience



Merger Summary

Structure and ownership	<ul style="list-style-type: none"> • Plan of arrangement under the British Columbia <i>Business Corporations Act</i> • 2.81 Salares shares⁽¹⁾ for one Talison share • Salares 20% and Talison 80% ownership (fully diluted basis; prior to Private Placement)
Company name and location	Known as Talison Lithium Limited, with offices in Vancouver and Perth
Implied transaction value	<ul style="list-style-type: none"> • CAD\$1.25 per Salares share • Implies a premium of approximately 98.2% based on the 20 day VWAP of Salares shares on the TSXV
Private Placement	<ul style="list-style-type: none"> • CAD\$40 million private placement of subscription receipts of Salares, at CAD\$1.25 per subscription receipt • Fully subscribed by Resource Capital Fund, and also open to new investors • Each subscription receipt shall be exchanged into ordinary shares of Talison under the same terms as the merger (implies an effective price of CAD\$3.50 per Talison share) upon satisfaction of Conditions (below)
Conditions	<ul style="list-style-type: none"> • Completion of the Private Placement • Approval of the plan of arrangement by Salares shareholders • Talison shares become 'freely trading' on the TSX • Receipt of all applicable regulatory approvals • Completion of satisfactory due diligence • Other customary merger conditions
Expected timetable	<ul style="list-style-type: none"> • Definitive Arrangement entered into on or before August 9, 2010 • Private Placement to close by the middle of August • Merger expected to be completed by the end of September, 2010

(1) It is proposed that, prior to the Plan of Arrangement, the Talison Minerals corporate group will be re-organized to, among other things, separate the tantalum business and to place a new Australian company, Talison Lithium Limited, on top of the corporate group. References to "Talisson shares" are references to fully paid, ordinary shares in the capital of Talison Lithium Limited, and references to securities in Talison are references to securities in Talison Lithium Limited.



Pro-Forma Capitalization

Summary	Salares	Talisson	Private Placement	Pro-Forma Merger /Private Placement
Symbol/Exchange	LIT-V	Talisson/TSX	Talisson/TSX	Talisson/TSX
Price (C\$/share)	\$1.25	\$3.50	\$3.50	\$3.50
Shares FD (M)	48	68	11	97
Cash FD (C\$M)	\$5	\$0	\$40 ⁽¹⁾	\$45
Debt (C\$M)	\$0	\$31 ⁽²⁾		\$31
Market Cap (C\$M)	\$60	\$240		\$340
Ownership in Pro-Forma Talisson	18%	70%	12%	100%

(1) Gross proceeds of C\$40M

(2) US\$30M converted at 1 US\$ = 1.032 C\$



Proposed Board & Management

Peter Oliver
CEO & Managing Director

Extensive lithium industry experience, previously Chief Operating Officer and General Manager Operational Planning at Talison.

Peter Robinson
Non-Executive Chairman

Former CEO and Managing Director of Talison Minerals (August 2007 to November 2009). Previously held the role of CEO, Managing Director and GM of Ticor Limited.

Frank Wheatley
Executive Director (Corp. Affairs)

VP and General Counsel of Gabriel Resources (previously President and COO). Former VP, Legal Affairs of Eldorado Gold.

Ronnie Beevor
Non-Executive Director

Chairman of EMED Mining Public Limited, Director of Bannerman Resources Limited and Director of Bendigo Mining Limited. Previous director of Kimberley Diamond Company Limited and Oxiana Limited.

Mason Hill
Non-Executive Director

Director of Ausdrill Limited, alternate director of Bannerman Resources Limited. Currently Partner at RCF and former partner at the law firm Wright Legal where he specialized in corporate and finance law.

Mark Smith
Non-Executive Director

Current CEO and director of Molycorp Minerals LLC. Previously President and CEO of Chevron Mining Inc.

David Shaw
Non-Executive Director

Current Chairman of Salares. Director of First Majestic Resources. Former President of Bema Resources and Sr. Mining Analyst at Yorkton Securities.

Todd Hilditch
Investor Relations

Current CEO & Director of Salares. Director & CEO of Terraco Gold Corp.



Talisson Lithium

- World's largest lithium producer
- 25 year operating history
- Established international customer base
- Primary lithium supplier to China – largest and fastest growing global consumer
- Expansion of existing production capacity by over 60% to meet existing demand for products driven by growth in the Chinese battery market
- Highest grade lithium mineral resource in the world with significant potential to increase reserves to support future growth
 - Reserves of 9.6 MT @ 3.9% Li₂O (920kt LCE)
 - M&I Resources of 22.0 MT @ 3.7% Li₂O (2Mt LCE)
- Further expansions planned, including potential lithium carbonate production



Salares Lithium

- Salares 7 project comprises 117,904 hectare land package with 39,404 aerial hectares of brine/salt lake exploration potential
 - 5 of the salares/brine lakes (100% owned with Chilean partner) are clustered within 155km²
 - Allows project development unhindered by divided ownership
- Anomalous lithium/potassium in all 7 Salares with historic grade up to 1,080 ppm Li and 10,800 ppm K
- Cumulative Probable reservoir rock/brine horizon (common host of lithium mineralization) to date of 4.8 bln m³
 - Possible reservoir rock/brine horizon of 18.8 bln m³
- Located in Atacama Desert region in Chile
 - Proven mining friendly jurisdiction
 - Bulk of project located ~235 km northeast of Copiapo and is road accessible



Timetable

Signing of LOI	July 15 th , 2010
Record Date for Salares Special Meeting	August 11 rd , 2010
Signing of Definitive Agreement	On or before August 9 th , 2010
Private Placement Closing	Mid-August, 2010
Date of Special Meeting of Shareholders	September 16 th , 2010
Expected Merger Close	End of September, 2010

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