

Mediaportal Report

14/12/2009

► **Overpriced Talison IPO to be pulled**

Summaries - Australian Financial Review, 14/12/09, Companies, Page 15
By: Michael Vaughan

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A lack of support from investors has Talison Lithium preparing to withdraw their initial public offering (IPO) despite commodities forecaster Roskill predicting growth in lithium prices in coming years. The IPO was valued at in excess of \$143.5 million. Among Talison's owners are private equity investment fund Resource Capital Fund (who acquired their share from the Sons of Gwalia administrators), Goldman Sachs and Fortis Investments. Rothschild and Macquarie Capital Advisors acted on Talison's behalf. Elsewhere in the sector Clive Palmer's IPO of his iron ore and coal assets as Resourcehouse is still indefinitely delayed while the IPO of Russian aluminium company Rusal has been postponed. Meanwhile Galaxy Resources shares have doubled as initial production from its Mount Cattlin and Jianguo projects nears.

12/12/2009

► **Emissions push lifts lithium mine**

Weekend Australian, 12/12/09, Business News, Page 26
By: Amanda O'Brien Mtnng

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CONSTRUCTION of Western Australia's second major lithium concentrate mine has begun in the southwest. Local miner Galaxy Resources predicts it will make the state a key player in the global push for low-emission hybrid-electric cars.

11/12/2009

▶ **Mine sale brings joy to towns and caution**

The Extra, 11/12/09, General News, Page 2
By: Anthea Cannon

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FIRST Quantum Minerals may not be digging up any nickel in the next year but they have already unearthed the long-lost smiles of Ravensthorpe and Hopetoun residents. On Wednesday, FQM was announced as the successful bidder for BHP Billiton's \$2 billion mothballed nickel mine and local residents say it is the best news they have heard all year.

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Overpriced Talisson IPO to be pulled

Michael Vaughan

The private equity owners of the world's biggest lithium producer, Talison Lithium, are poised to withdraw its \$143.5 million-plus initial public offering after investors refused to support the float at the price offered by the promoters.

The Australian Financial Review understands the IPO could be withdrawn as early as today following the closure of bids from potential investors on Friday.

A source said that while investors were confident in both the outlook for lithium demand and the company, they did not believe the pricing represented sufficient value for the IPO to be fully subscribed.

The development follows the indefinite delay of Clive Palmer's \$US2 billion (\$2.2 billion) to \$US3 billion IPO of his iron ore and coal assets as Resourcehouse in Hong Kong, and the postponement of Russian aluminium giant Rusal's IPO on the same market.

Talison produces about 23 per cent of the world's lithium. The commodity is in high demand due to increased manufacturing of electric vehicles that require lithium-ion batteries. Growth is also driven by the use of lithium batteries in laptop computers and mobile phones.

Talison is majority owned by private equity investment fund

It is unclear whether the IPO will be revisited in 2010.

Resource Capital Fund (RCF), Goldman Sachs and Fortis Investments are also part-owners.

Talison was aiming to raise \$143.5 million to \$196.4 million from investors for shares priced in a range from \$4.10 to \$5.10 each.

Some 35 million shares were going to be sold and RCF reserved the right to sell an additional 3.5 million shares which would have reduced its post-IPO stake from 33.4 per cent to 29.3 per cent.

Had the IPO been completed, Talison would have been listed in both Australia and Canada and would have had a market capitalisation of \$350 million to \$430 million upon listing.

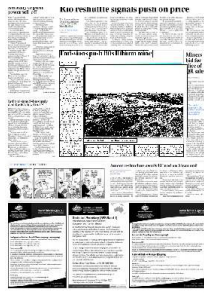
The private equity owners bought the assets from the Sons of Gwalia administrators for \$205 million in 2007. The purchase also included Sons of Gwalia's tantalum assets, which were placed on care and maintenance this year and were excluded from the proposed float.

Rothschild acted as financial adviser to Talison and Macquarie Capital Advisers was the Australian lead manager. It is unclear whether the IPO will be revisited in 2010.

Perth-based Talison produced about 210,000 tonnes of lithium concentrates for about 250 customers last year. In the Talison prospectus, commodities forecaster Roskill predicted world lithium demand would rise 6 per cent a year between 2008 and 2013.

Shares in Galaxy Resources have doubled since the end of June as it moves towards first production from its Mount Cattin project in Western Australia and Jiangsu lithium carbonate plant in China in about 12 months' time.

IFA 010



Emissions push lifts lithium mine

AMANDA O'BRIEN
 MINING

CONSTRUCTION of Western Australia's second major lithium concentrate mine has begun in the southwest.

Local miner Galaxy Resources predicts it will make the state a key player in the global push for low-emission hybrid-electric cars.

Galaxy, which is developing the \$70 million mine with Chinese investor Creat Group, said yesterday demand for lithium would explode because of alarm about climate change.

Lithium is used in batteries to power electric vehicles, which are being embraced by many coun-

tries to cut greenhouse emissions.

Galaxy chief executive Iggy Tan said the mine at Ravensthorpe, 400km south of Perth, would commence production within nine months. Site clearing finished this week and construction would begin next week.

As world leaders at Copenhagen hammered out plans to reduce emissions, Mr Tan said, China's decree that 10 per cent of its vehicles must be emission-free by 2013 would drive world demand for lithium.

"China is not a free market and when the government says something is going to happen, every-

one toes the line.

"When they say 10 per cent of vehicles are going to be emission-free, a lot of the cities are now moving towards it," Mr Tan said.

Lithium ion batteries are ideal for electric cars because they are light and powerful.

Mr Tan said the WA lithium concentrate would be shipped to a \$55m downstream processing plant in China, also being built by Galaxy. There it would be converted into battery grade lithium carbonate.

The plant would be completed by late next year, Mr Tan said. "In Shanghai already there are no

petrol-driven motorbikes in the whole city. They're all electric.

"If you go to Shanghai you get run over if you don't look around — they call them silent assassins," he said. "Now it is cars and buses."

The Galaxy mine is the second major lithium project in Western Australia, which is already a big world supplier through the Talison Minerals project at Greenbushes. It is another boost for Ravensthorpe, which learnt this week that Canadian miner First Quantum planned to reopen BHP Billiton's abandoned nickel mine in 2011, after acquiring it for \$US340 billion (\$370bn).



Work has started on Galaxy Resources' Ravensthorpe lithium mine



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Mine sale brings joy to towns and caution

By ANTHEA CANNON

FIRST Quantum Minerals may not be digging up any nickel in the next year, but they have already unearthed the long-lost smiles of Ravensthorpe and Hopetoun residents.

On Wednesday, FQM was announced as the successful bidder for BHP Billiton's \$2 billion mothballed nickel mine and local residents say it is the best news they have heard all year.

But while the scars of BHP are still raw, there will be caution.

Ravensthorpe Regional Chamber of Commerce chairman Dave Borger the sale was an "absolutely magic move" not just a turnaround for the two towns.

"It was very very sad [when the mine closed] and now we'll have the mine back and two others - Galaxy Resources' lithium mine and Tectonic's base metals mine," Mr Borger said.

Mr Borger said FQM would also take the remaining BHP houses and he hoped to see the \$375 million deal signed, sealed and delivered in January after approval by the Foreign Investment Review Board.

A spokeswoman for FQM estimated it would take one year to start production, then six months to a year for "commissioning and ramp-up" and employment would vary across the phases.

Premier Colin Barnett, who supported the bid by Australian nickel miner Minara Resources, was less excited, calling for caution and questioned the Canadian-owned company's ability to run its first Australian venture.

"I'd like to know a little bit more about First Quantum - they've had no contact, or only very limited contact with the State Government ... I would want to be confident they have the technical ability to do the investments that are needed to make that plant work properly and the capacity to operate it," Mr Barnett said.

But former shire president during the BHP upheaval and Hopetoun Motel and Chalet Village owner Brenda Tilbrook and Mr Borger said First Quantum's African-focused credentials were not cause for concern.

Ravensthorpe-Hopetoun Media Liaison Group spokesman Bruce McNally said while FQM got the mine for a bargain price they would have to spend about around \$500m replacing infrastructure and improving facilities.

"We had the guts ripped out of us so we'll wait and see but FQM couldn't possibly be any worse than BHP," Mr McNally said.