Production Estimates

- **Lithium Chloride (Dec 2008)**
  - 12,000 tonnes per annum
  - US$4,200 per tonne
  - Annual Revenue US$50 million per annum (2006 US demand 100,000 tonnes +? Flux for Aluminium welding, batteries, clothing antistatic, dehumidifiers)
- **Potassium Chloride (Jun 2007)**
  - 40,000 tonnes per annum
  - US$175 per tonne
  - Annual Revenue US$7.0 million (2006 US demand 6.9 million sht tonnes)
- **Potassium Sulphate (Jun 2007)**
  - 40,000 tonnes per annum
  - US$190 per tonne
  - Annual Revenue US$7.6 million (2006 US demand 960,000 sht tonnes)
- **Total Revenue Estimate $64 million per annum**

Profit Estimates

Lithium Chloride

- Revenue $50 million at $4,200 per tonne
- Capital Cost $25-$30m
- Operating Cost $1,270 (+ or - $300)
- Operating Profit US$2,930 per tonne
- Tax 15% $439
- Net profit US$2,491 per tonne or US$29.8m pa
- Earnings per share US5.4 cents

Potassium Chloride

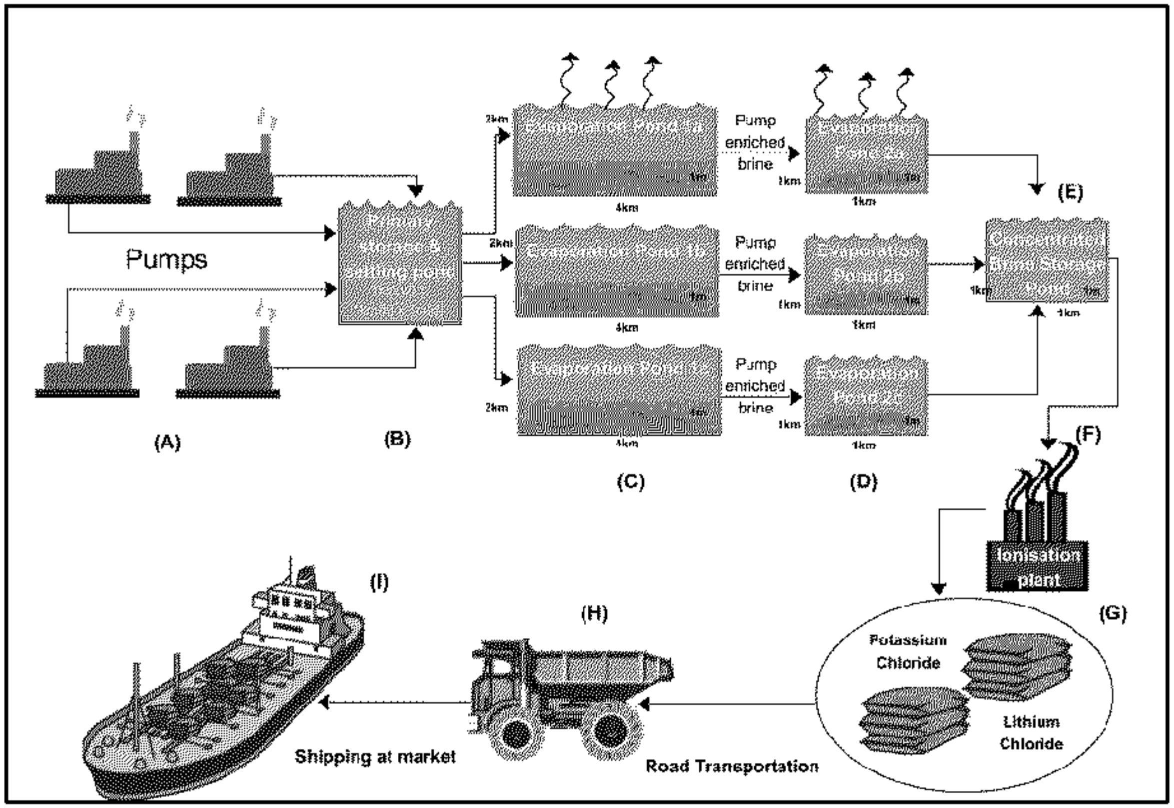
- Revenue $7 million at $175 per tonne
- Capital Cost $3m
- Operating Cost $85 (+ or - $25)
- Operating Profit US$90 per tonne
- Tax 15% $13.5
- Net profit US$76.5 or US$3m pa

Potassium Sulphate

- Revenue $7.6 million
- Operating Profit $105 per tonne
- Net Profit US$91.5 or US$3.6m pa
- Earnings per share (combined) US1.2 cents

Rincon Salar - Argentina

The Lithium Extraction Process



c. Salt removed

d. Sodium sulphate removed

d. Potash removed

e. Potassium Sulphate removed

f. Magnesium removed

f. Lithium Chloride produced

Rincon Salar - Argentina

Markets

Lithium Chloride

- The major market for lithium compounds (Lithium Chloride) is the USA followed by China, Taiwan and Japan, then Europe. Uses include anti-static fabric treatments, welding fluxes for aluminium, lithium divinyl chloride batteries, lithium metalproduction, pharmacological applications to diagnostics in DNA biology etc.
- There are 83 commercially produced lithium based chemicals

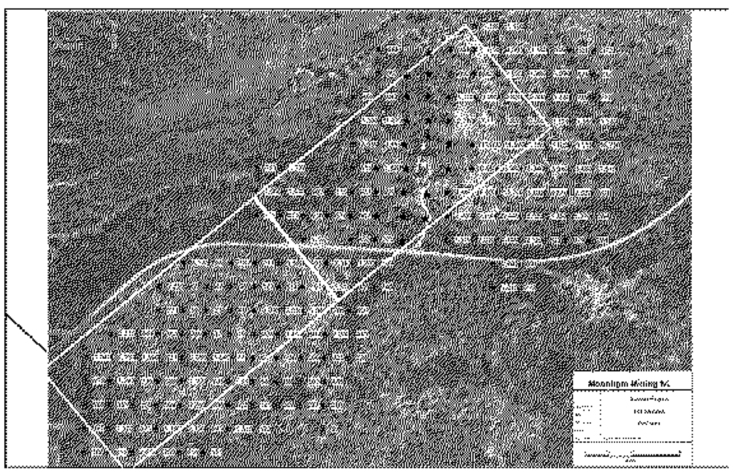
Lithium battery market to expand

A recent report from **Business Communications Co. Inc.** predicts that the US lithium battery market will increase by almost 30% to $2.7 billion by 2009 from $2.1 billion estimated for 2004. The market for rechargeable lithium batteries is expected to increase to more than $2.1 billion in 2009 from a value $1.6 billion in 2003. Rechargeable lithium batteries are used in laptops and cellular phones. (Metal Pages 10/9/04)

Sion Power develop lithium-sulphur rechargeable battery

Sion Power of Arizona recently demonstrated the capabilities of its lithium-sulphur rechargeable battery technology. The new lithium-sulphur battery was used to power a HP TC100 Tablet PC for one whole day on a single charge. The company have spent ten years developing the battery that they hope will eventually be able to power notebook and tablet personal computers for up to eight hours on a single charge. (Batteries International, Jul. 2004)

Bulman – Northern Territory



- Zinc and Lead oxide, sulphide deposit located in southern Arnhem land in Australia's Northern Territory.
- Applied for ELA23814 – 637 sq kilometres
- In the 1950's CRA estimated there was 375,000 tonnes @ 15% Zn and 2% Pb of mainly oxide material.
- The Bulman Leases and five nearby Zn-Pb occurrences historically were considered having potential for at least 1,000,000 t of at-surface and near-surface exploitable oxide and sulphide ore at greater than 10% combined zinc and lead.
- Demand for low level treated ores in Thailand, Asia
- Further sampling work to be undertaken in order to better define the leases and determine the areas acceptable for prospecting

Pyke Hill – Nickel Cobalt JV – Cougar Metals NL

- The Pyke Hill Project is located approximately 40km southeast of the Murrin Murrin Nickel Operation, near Leonora, Western Australia.
- Prospective for a high-grade nickel-cobalt lateritic resource.
- Aircore drilling undertaken by Cougar in FY2004 returned intersections including 7m @ 2.26% Ni, 6m @ 2.03% Ni and 8m @ 1.50% Ni.
- In FY2005 Cougar completed two additional drilling programs at the project. A total of 25 holes for 896m were drilled, The second program was completed at the end of FY2005 and consisted of 31 Aircore drill holes for 1380m.
- Results of the better intersections encountered ranged in thicknesses from 3m to 17m and averaged 7.5m. The depth to the top of mineralisation varied from 13m to a maximum of 23m. Grades averaged 1.48% Ni overall using a 1.2% Ni cut-off.
- Joint venture provides Admiralty with A$0.40 cents per tonne of ore.

Funding - 2005 - 2007

Feb 2005 - A$10m raised by $20m placement of converting notes

May 2005 – MTM Holdings/Leveraged Capital advise they may convert 87.5m options at 10c (A$8.75m)

June 2005 – A$2.5m raised by converting 25 million options at 10c

Aug 2005 – A$2.5m raised by converting 25 million options at 10c

Dec 2005 – A$1.5m raised by converting 15 million options at 10c

Feb 2007 - Second Instalment of Notes A$10 million

Total Equity Raised with full option conversion A$28.75 million (US$21.5)

Sept 2005 – Perolin Investments 1 year rolling debt facility $A6.0 million (US$4.5m) - undrawn

Investment Bank Finance – US$15m – three year facility pending application

Leasing finance of up to US$10mill to be completed on plant - pending

Total Maximum Projected Capex required by June 07 US$38.8m

Cia Minera Santa Barbara repayment of US$10m loan in FY2006

Projected Profit and Earnings

	2006-2007 $US	2007-2008 $US	2008-2009 $US
Net Profit After Tax	9.9M	24.5M	54.3M
Earnings Per Share $US	1.8 cents	4.5 cents	9.9 cents

EPS calculated on 547 million shares