Lithium Australia NL

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2 November 2015

ASX ANNOUNCEMENT

LITHIUM AUSTRALIA RENEWS MANAGING DIRECTOR'S CONTRACT FOR FURTHER THREE YEARS

Australian and international lithium developer, Lithium Australia NL (ASX: "LIT") is pleased to announce that the Company has agreed terms renewing the employment contract for Managing Director, Mr Adrian Griffin, for a further 3 year term. Key elements of the renewed contract comprise:

- Status - Managing Director
- Annual salary of $250,000
- Six months' notice by LIT for any termination of services
- Three months' notice for termination of services as a Director
- Short Term Incentives (STI) – up to 35% of the base salary in shares/cash with 50% escrowed for 12 months and 50% for 24 months
- Long Term Incentives (LTI) – up to 35% of the base salary in shares with 50% escrowed for 24 months and 50% for 36 months.
- 1 million performance rights (nil consideration) for recognition of the past 12 months escrowed for 12 months and voided on resignation
- 2 million performance rights (nil consideration) to be issued on achieving a $50m market capitalisation and on achievement, escrowed for 12 months, voided on resignation

The performance rights provisions under the contract terms will be required to be put to Lithium Australia shareholders at the Company's 2015 AGM in Perth on November 30, in keeping with the Board's intent to drive the momentum for measureable growth in LIT's market capitalisation.

Lithium Australia Chairman, Mr George Bauk:

"Lithium Australia's current strategy driven by Mr Griffin places the Company in the "perfect lithium storm". Shareholders have reaped the benefit so far of LIT's daring goal of controlling the world's largest lithium inventory by capturing the forgotten mica-based lithium resources available throughout our outstanding and advanced suite of lithium targets in Western Australia, and also in the Europe and Africa.

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Due to an expanding and engaged market and unprecedented interest in lithium consumers such as electric vehicles and power walls, the price and demand dynamics for lithium look set to improve rapidly in the next two years. Lithium Australia's goal is to upscale its successful pilot plant trials to date to commercial operations and sell lithium and other by-products into this growing market as an increasing dominant market supplier. Delivery on this strategy will continue to reward our shareholders in the shortest timeframes possible.

$50 million market cap objective

"The Board is aiming high and is stretching the long term goal for Lithium Australia's market cap to rise from $15m to $50m. In the event that Lithium Australia reaches this long-term goal, the Company would have grown from a market capitalisation of $1.4m in September 2014 when it commenced its lithium strategy – a potential 35 times increase since that time. The Board considers these Performance Rights to be appropriate for Mr Griffin for such an improvement."

MEDIA CONTACT:

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ABOUT LITHIUM AUSTRALIA

Lithium Australia (LIT) has exclusive technology licences to recover lithium from micas; minerals not generally used as a source of lithium chemicals. The Company considers this to be a disruptive technology with the potential to displace more conventional lithium production. LIT has a non-binding Heads of Agreement with European Metals Holdings Limited to process lithium mineralisation at Cinovec in the Czech Republic on a 50/50 JV basis. Cinovec contains abundant lithium micas and is one of the world's largest hard-rock lithium occurrences. In addition, LIT has strategic alliances with Pilbara Minerals Limited, Focus Minerals Limited and Tungsten Mining NL, to investigate lithium and rare metals in prospective locations of Western Australia close to well-developed infrastructure. LIT has lithium exploration assets near Greenbushes and Ravensthorpe in Western Australia. LIT is also evaluating other European and African opportunities.