

Dear Fellow Shareholders,

As the end of 2014 nears, it seems astonishing how the lithium market has developed over the last two years to the detriment of the resource sector and the lithium industry in particular. The numbers across the board speak for themselves, and the large number of junior miners in the lithium industry that have left or gone completely silent is appalling, considering the market for lithium is starting to heat up again.

I would like to take this opportunity to share with you the bumpy road that was 2014 and our continued commitment to advancing the Maricunga Project to production, support the global implementation of clean and green energy initiatives, meet the growing demand for lithium and becoming a mid-tier, low cost supplier of lithium, potassium and other strategic minerals .

- The most important milestone this year was making the final payment on of the Cocina 19-27 properties in the Maricunga Salar, adjacent to our existing Lito 1-6 properties that have an identified NI 43-101 compliant resource. The properties were acquired in 2013 and, in addition to increasing our footprint for a larger project, the Cocina properties do not need the special permits from the Chilean government for the exploitation of lithium, which is the case with the Lito 1-6 properties. This is very important and ensures Li3 has properties that can exploit lithium in Chile, a unique characteristic except for current producing operations.

- Last year was dismal for raising capital in the junior resource sector worldwide, and Li3 was victim of that circumstance as well. However, in January of this year we announced a new strategic partnership with BBL, a Chilean corporation, which enabled the advancement of the Maricunga project. BBL acquired 51% of Minera Li Energy SpA, Li3's Chilean subsidiary and holder of the properties denominated as Lito 1-6 and Cocina 19-27. This partnership included a commitment to fully fund the Maricunga project through the stage of feasibility studies and full permitting. In short, we enabled a future for the Maricunga project, something which most of our peers have not been able to achieve.

- Maricunga remains a world class asset, and this is why it was important to Li3 to ensure its progress. SignumBOX, a Chilean based company that offers market intelligence in industries related to natural resources, chemicals and technology in both national and international markets, with a specific focus on the lithium industry, ranked Li3's Maricunga Project as the 4th best undeveloped lithium project in the world out of the 37 brine projects in its annual report that came out in February.

- In May, we were excited to share the news that Chile's President Michelle Bachelet, together with the Minister of Mining Aurora Williams, signed the decree for the establishment of the National Lithium Commission. The Commission is comprised of geologists, environmental specialists, natural resources and energy economists, civil engineers with different specialties, specialized attorneys in mining law, among others. It has been working to recommend, by the end of this year, a new State Policy for the exploitation of lithium and the promotion and development of new projects. This will clearly impact the future of the Maricunga project and we look forward to inform you soon about these developments.

- POSCO, our South Korean strategic partner and largest shareholder, continues to be actively involved having named Dr. Uong Chon to Li3's Board of Directors in June of this year. For the past few years, Dr. Chon has been leading the development of POSCO's Lithium Direct Extraction Technology and is a welcome and contributing member on our board. POSCO's innovative technology has achieved over 80% recovery of Lithium Carbonate in less than eight hours of processing with Maricunga brine and is now in the process of industrial and commercial validation. We believe this technology will dramatically transform the lithium industry worldwide and Li3 is actively advancing the Maricunga project to deploy this technology on our project.
- Throughout 2014 we continued to work diligently to further the Maricunga project by cutting non-project based costs, obtaining appropriate financing and exploring several M&A opportunities, all with the view of adding shareholder value, and cognizant of our market limitations.
- We also continued to share the Li3 story and our-under-the-radar, early stage value proposition. We believe our presentations were well received at industry conferences and the audience for our story has grown significantly especially with those who see the wider opportunity in the lithium sector going forward.

In short, despite tough market conditions, Li3's management and Board of Directors have continued to advance Maricunga and enable the viability of the project. Our commitment to become an important player in the lithium industry has not waived and we have weathered the previous storms and believe we are well poised for potential storms ahead. We believe we are at a crucial inflection point in the market and the next few months will reward our efforts.

We recently decided not to renew the listing of our common stock on the OTCQB and our shares now trade on the OTC-Pink and OTC Bulletin Board. We made this decision to save on the capital expense that is incurred by an OTCQB listing. We thought long and hard before enacting this and concluded that the best path for us right now is one of making further cuts on non-project based spending. This will allow us to focus our resources on advancing the Maricunga project and other initiatives at a time when the equity and debt markets have virtually dried up in the resource sector.

There is still much to do, much planned for and much to look forward to and we plan to share more of the outcomes of our hard work in due course. We welcome 2015 and all that the New Year brings and remain confident that progress on the Maricunga project will continue to advance as planned, as well as all the various other initiatives we have undertaken. I firmly believe that our history is testament to our resilience and commitment to obtaining our objective of being an important low-cost lithium producer in the near future.

On behalf of our Board of Directors, I would like to thank our many loyal shareholders who, despite the challenges, have continued to follow our progress intently and view Li3 as a long term option for creating value.

Respectfully,

Luis Saenz
President and Chief Executive Officer
Li3 Energy