



Li3 SIGNS AGREEMENT FOR INTENSIFIED EVAPORATIVE TECHNOLOGY

Pilot-Demonstration Facility Planned to validate the technology in global lithium processing and water conservation

SANTIAGO, CHILE—(PRNewswire – January 17th, 2012) – Li3 Energy, Inc., (OTCBB: LIEG – News) (“Li3”, “Li3 Energy” or the “Company”), a US-listed and South American based global exploration and development company in the lithium and minerals sector, is pleased to announce that it has executed an exclusive agreement to establish a pilot demonstration facility for the patented R3 Fusion SPaCeR™ technology. R3 Fusion Inc. (“R3”) headquartered in Troy, New York is an advanced technology company focused on applying a new, patented technology to address global challenges in environmental and water issues including desalination, industrial and municipal wastewater treatment, water recovery and reuse, bio-fuel processes and fine chemical synthesis.

As previously announced, Li3 and R3 have been exploring the technology under a development program at R3’s laboratory in Troy, New York since last August. Over the past five months, R3 successfully demonstrated the capability of the technology to concentrate brine while simultaneously separating and capturing clean water. It was shown that the SPaCeR™ technology’s rapid evaporation capabilities, coupled with in-situ condensation and, particle precipitation, has potential economic benefit for extraction and recovery of lithium from brine.

Li3 plans to deploy the R3 SPaCeR™ systems in a Pilot/Demonstration Facility where they hope to duplicate these results in the field. Li3 believes this technology can dramatically improve the methods and approaches used in lithium brine mining by significantly shortening the current natural (solar) evaporation cycle. Li3 also plans to demonstrate that the technology can recover substantial amounts of clean water from the brine; water which is currently lost to natural evaporation processes. The Company believes this could have significant economic benefits by reducing the amount of fresh water and water rights required at the site. It may also satisfy initial environmental concerns associated with the lithium mining process as the clean water recovered from the lithium brine could be re-introduced back to the salar, stored for later use, or used in other agricultural processes.

Furthermore, in comparison to the conventional open pond evaporation approach, it is expected that the new technology will accelerate the lithium extraction and recovery process, thereby reducing the lead-time to market of the product. Upon successful conclusion of the pilot/demonstration, the SPaCeR™ technology could replace the use of conventional evaporation ponds which are estimated to be \$140-\$150MM to construct, build and operate. Li3 plans to measure and demonstrate the cost benefits of the R3 technology when it completes its project feasibility study later in the year. If the R3 Fusion technology pilot/demonstration proves effective, and is deemed feasible, Li3 believes the reduction in its overall capital and operating

expense requirements could be materially and favorably impacted which would address a major uncertainty as it relates to Li3's total Maricunga Project funding requirements. Li3 plans to have the pilot system operational in the 2nd quarter of 2012. The key terms and objectives of the Agreement include:

- R3 and Li3 will operate the SPaCeR™ technology on site for a period of six months or longer and measure the energy requirements, operating cost, and efficacy of the technology for the concentration of lithium chloride solutions.
- R3 and Li3 will enter into an appropriate commercial agreement to deploy the technology exclusively on a global basis for lithium brine processing.
- If successful, R3 will design and construct systems appropriate for the volumes and economics associated with Li3's future commercial facility requirements.

Thomas Currin, Li3 Energy's COO, stated: "We are very excited to further explore the use of this exciting technology and its applications in lithium brine mining. After evaluating the technology in a laboratory setting, we are thrilled to move forward and demonstrate its use in a fully functional demo facility in the field. This technology is expected to present Li3 with a unique, energy efficient, green technology that could not only shorten our exploration timelines, accelerate our recovery of lithium in the production process, but also help us capture, use and/or commercialize the water it purifies. We look forward to working through this demonstration stage together with R3 and further align our companies in a mutually beneficial manner."

Dr. Roshan Jachuck, R3 Fusion's President and CTO stated: "The engineering and chemical data generated in our recent development program with Li3 made it clear that the potential impact of intensified evaporation on mineral, mining, and chemical processing applications is significant. Specifically, we realized process results that validated its effectiveness in lithium brine processing with the substantial benefit of generating significant volumes of clean water. The benefits that could be realized by Li3 are tremendous and we look forward to focusing our scientific and technical resources on this opportunity."

About Li3 Energy, Inc.

Li3 Energy, Inc. is an exploration and developmental stage public company in the lithium mining and energy sector. Li3 aims to acquire, develop and commercialize a significant portfolio of lithium brine deposits in the Americas. With its controlling interest in its Maricunga project, Li3's goals are to; a) support the global implementation of clean and green energy initiatives; b) meet growing lithium market demand and; c) become a mid-tier, low cost supplier of lithium, potassium nitrate, iodine and other strategic minerals, serving global clients in the energy, fertilizer and specialty chemical industries. Additional information regarding the company can be found in our recent filings with the SEC as well as the information maintained on our website www.li3energy.com.

Forward-Looking Statements

Any statements contained herein which are not statements of historical fact may be deemed to be forward-looking statements, including, without limitation, statements identified by or containing words like "believes," "expects," "anticipates," "intends," "estimates," "projects," "potential," "target," "goal," "plans," "objective," "should", or similar expressions. The Company gives no assurances the assumptions upon which such forward-looking statements are based will prove correct. Forward-looking statements involve risks, uncertainties and assumptions, and are based on information currently available to us. Actual results may differ materially from those expressed herein due to many factors, including, without limitation: initial exploration results; satisfaction of conditions precedent to POSCO's additional investment; the Company's

ability to raise additional capital for exploration; development and commercialization of the Company's projects; future findings and economic assessment reports; issuance of necessary government consents; the Company's ability to identify appropriate corporate acquisition or joint venture opportunities in the lithium mining sector and to establish appropriate technical and managerial infrastructure; political stability in countries in which we operate; and lithium prices; future results of the R3 technology and the ability to secure R3 technology agreement. For further information about risks faced by the Company, see the "Risk Factors" in the Annual Report Form S-1A filed with the SEC on January 10th, 2012 and in subsequent filings with the SEC. Further information regarding the R3 Fusion Agreement can be found on Form 8K filed with the SEC. The Company undertakes no obligation to update any forward-looking statement contained herein to reflect events or circumstances which arise after the date of this release.

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