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News Release

October 11, 2011

TSX.V SYMBOL – PL; OTCBB and OTCQB SYMBOL – PALTF

PAN AMERICAN SETTLES DEBT AND STRENGTHENS BALANCE SHEET

TUCSON, Ariz., October 11, 2011 (GLOBE NEWSWIRE) -- Pan American Lithium Corp. (TSX-V:PL) (OTCBB/OTCQB:PALTF) ("Pan American" or the "Company") is pleased to announce that the Company has entered into debt settlement agreements with Gareste Limitada, Pro Business Trust, and Boulder Design LLC to settle outstanding debt in the amount of US\$200,395.29 (the "Debt"). The Debt was incurred by the Company under a Consulting and Professional Services Agreement with each of Pro Business Trust and Boulder Design LLC, and an Operator Agreement with Sociedad Gareste Limitada. Under the terms of the debt settlement agreements, the Company will satisfy the Debt with the issuance of 1,335,768 common shares of the Company at a deemed issuance price of \$0.15 per common share. These shares for debt transactions are subject to the approval of the TSX Venture Exchange.

Furthermore, the Company announced that it has issued 350,082 common shares under a Consulting and Professional Services Agreement (the "Agreement") with Pro Business Trust (the "Consultant") dated November 22, 2010. The Consultant provided services and expenditures for a Chilean exploration program at several of the Company's brine projects in the Atacama Region III. The Company satisfied US\$41,631 of expenditure incurred under the Agreement at a price of \$0.12 per common share. The securities issued to the Consultant are subject to a hold period expiring on February 12, 2012.

About Pan American:

In total, the Company has rights in eleven lithium and potash-bearing brine projects in Chile's Atacama Region III covering cumulatively more than 20,000 hectares. The Company also has an option to acquire an indirect interest in the Cierro Prieto geothermal lithium brine project in Baja California Norte, Mexico. The Laguna Verde surface brine lake project is the most advanced of the Company's portfolio of 11 lithium and potassium bearing brines projects in Chile.

On Behalf of the Board,

PAN AMERICAN LITHIUM CORP.
/s/ Andrew Brodkey

Andrew A. Brodkey
President and CEO

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Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.