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News Release

December 23, 2011

TSX.V SYMBOL – PL

**Pan American Lithium Corp. Announces Amendment
of Chilean Agreements and Extension of Closing Dates**

Pan American Lithium Corp. (the “**Company**”) announces that it has entered into three agreements dated December 21, 2011, with Sociedad Gareste Limitada, a privately held Chilean corporation (“**Gareste**”), whereby the parties agreed to extend the closing dates set out in three agreements dated February 14, 2011 (the “**Agreements**”) from December 31, 2011 to June 30, 2012.

The Agreements with Gareste include a definitive purchase agreement, whereby the Company has agreed to acquire mineral concessions totalling 4,200 hectares and other rights at the Salar de Pedernales, and two binding letters of intent for earn-in/joint venture agreements at both the Salar de Maricunga and the Llanta aquifer project (for concessions totalling 2,400 hectares along with other rights). Please see the Company’s news release dated February 14, 2011 for additional information on the Agreements.

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

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