

EARLY WARNING REPORT
NATIONAL INSTRUMENT 62-103

1. Name and Address of Offeror.

POSCO
Posco Center, 892 Daechi4-dong
Gangnam-gu, Seoul, 135-777, Korea

2. Designation and number or principal amount of securities and the offeror's security holding percentage in the class of securities of which the offeror acquired ownership or control in the transaction or occurrence giving rise to the reporting obligation, and whether it was ownership or control that was acquired in those circumstances.

On September 14, 2011, POSCO, through its wholly-owned subsidiary POSCO Canada Ltd., acquired 10,522,090 common shares (the "**Common Shares**") of Pan American Lithium Corp. ("**PALC**") at a purchase price of C\$0.136 per Common Share. The Common Shares purchased by POSCO represent approximately 19.87% of the 52,943,510 issued and outstanding common shares of PALC.

A press release related to the acquisition was disseminated on September 15, 2011 and is attached hereto as Schedule "A"

3. Designation and number or principal amount of securities and the offeror's security holding percentage in the class of securities immediately after the transaction or occurrence giving rise to the reporting obligation.

See Item 2, above.

4. Designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in paragraph 3, above, over which:

(a) the offeror, either alone or together with any joint actors, has ownership and control

See Item 2, above.

(b) the offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the offeror or any joint actor

Not applicable.

(c) the offeror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

Direct ownership of the Common Shares is held by POSCO Canada Ltd., which is a wholly-owned subsidiary of POSCO, who has beneficial ownership of, or control and direction over, the Common Shares.

- 5. The name of the market in which the transaction or occurrence that gave rise to the reporting obligation took place.**

Not applicable.

- 6. The value, in Canadian dollars, of any consideration offered per security if the offeror acquired ownership of a security in the transaction or occurrence giving rise to the reporting obligation.**

See Item 2, above.

- 7. Purpose of the offeror and any joint actors in effecting the transaction or occurrence that gave rise to the reporting obligation, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer.**

The acquisition of Common Shares was made for investment purposes. POSCO may, in the future, acquire ownership and control over additional securities of PALC, dispose of securities of PALC or continue to hold its current position.

- 8. General nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the reporting obligation, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities.**

While POSCO Canada Ltd. owns more than 10% of the issued and outstanding common shares in the capital of PALC, it has contractual rights to: (a) nominate one director to the board of directors of PALC, and (b) purchase its pro rata share of any new securities offered by PALC. In addition, during such time period, PALC will be obligated to obtain the prior approval of POSCO Canada Ltd. for certain corporate actions.

- 9. Names of any joint actors in connection with the disclosure required herein.**

Not applicable.

- 10. In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value of the consideration paid by the offeror.**

Not applicable.

- 11. If applicable, a description of any change in any material fact set out in a previous report by the entity under the early warning requirements or Part 4 of the National Instrument 62-103 in respect of the reporting issuer's securities.**

Not applicable.

12. If applicable, a description of the exemption from securities legislation being relied upon by the offeror and the facts supporting that reliance.

Not applicable.

DATED September 15, 2011.

POSCO

(signed) Joon-Yang Chung

Name: Joon-Yang Chung
Title: CEO, POSCO

SCHEDULE "A"

NEWS RELEASE

Vancouver, B.C. – September 15, 2011. POSCO announces pursuant to National Instrument 62-103 that on September 14, 2011, it acquired, through its wholly-owned subsidiary POSCO Canada Ltd., 10,522,090 common shares of Pan American Lithium Corp. ("PALC") in a non-brokered private placement for aggregate consideration of CDN\$1,431,004.24 or CDN\$0.136 per common share. The common shares purchased by POSCO represent approximately 19.87% of the 52,943,510 issued and outstanding common shares of PALC.

POSCO's acquisition was made for investment purposes. POSCO may, in the future, acquire ownership and control over additional securities of PALC, dispose of securities of PALC or continue to hold its current position.

While POSCO Canada Ltd. owns more than 10% of the issued and outstanding common shares in the capital of PALC, it has contractual rights to: (a) nominate one director to the board of directors of PALC, and (b) purchase its pro rata share of any new securities offered by PALC. In addition, during such time period, PALC will be obligated to obtain the prior approval of POSCO Canada Ltd. for certain corporate actions.

A copy of the early warning report relating to this transaction is available at www.sedar.com. For more information or to obtain a copy of the related early warning report, please contact:

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