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## **News Release**

September 15, 2011

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

### **Pan American Lithium Corp. Announces Closing of Private Placement with POSCO**

TUCSON, Ariz., September 15, 2011 (GLOBE NEWSWIRE) -- Pan American Lithium Corp. (TSX-V:PL - News) (OTCBB/OTCQB:PALTF -News) (the "Company" or "Pan American"), is pleased to announce, in furtherance to its news release dated August 25, 2011, it has closed the private placement (the "Offering") of 10,522,090 common shares at the price of CDN\$0.136 per common share with POSCO Canada Ltd. ("POSCAN"), a Canadian corporation 100% owned by POSCO (NYSE:PKX.) The common shares issued by the Company in connection with the Offering are subject to a hold period expiring on January 15, 2012. The proceeds of CDN\$1,431,004 will be used primarily as working capital for Pan American's interests in its lithium/potash brine properties, as well as general working capital for Company.

POSCO is one of the largest steel manufacturers in the world, with headquarters in the Republic of South Korea, who is rapidly expanding its business to ensure the development of lithium in the Americas.

The Company granted POSCAN a right until expiry on December 31, 2012 to construct a production or R&D facility, at POSCAN's expense, for the extraction of lithium or other minerals from brines at one of the Company's Chilean brine properties, on terms to be mutually agreed upon. If POSCAN elects not to exercise the right by this date, POSCAN's pre-approval rights on certain corporate actions discussed below will terminate and the Company will not be required to nominate a POSCAN nominee to the Company's board at future annual general meetings.

In connection with the closing, Pan American has agreed to increase the size of its board to four directors and, subject to approval from the TSX Venture Exchange, appoint a director nominated by POSCAN/POSCO to the vacant seat. POSCAN has nominated Mr. Hyundae Kim to serve as its nominee. The Company has agreed to nominate the POSCO nominee to its board at annual general meetings so long as POSCO owns no less than 10% of the Company's issued and outstanding common shares and so long as

POSCO exercises its right to build the pilot plant on or prior to December 31, 2012, as discussed above. During the period in which the nominee is appointed to the Company's board, the Company will not be permitted to carry out certain corporate actions without the prior approval of the nominee, including certain corporate reorganizations, a sale of all assets, a change of business, the alteration of the Company's constating documents (with the exception of the creation of a class or series of preferred shares) and the Company incurring debt that exceeds CDN\$1 million (except non-recourse project financing, the issuance of convertible debt or preferred securities, or debt owed to trade creditors or to officers, directors and consultants for unpaid salaries and expenses).

The Company also granted POSCAN a pre-emptive right to purchase a pro rata share of any new securities offered by the Company for such period of time that POSCAN owns no less than 10% of the Company's issued and outstanding common shares. Under such circumstances, POSCAN is entitled to participate in such new offerings to maintain its percentage of common shares. Certain issuances are exempted from the pre-emptive right such as securities issued to insiders, consultants and employees for compensation purposes, the issuance of common shares on the exercise of securities outstanding on the closing date of the financing, the issuance of securities for the settlement of certain debts, the issuance of securities to brokers, agents and finders in connection with any financings and the issuances of securities in connection with business combinations.

Andrew Brodkey, Pan American's President, commented as follows: "Pan American is pleased to partner with POSCO, a company that is dedicated to pursuing leading lithium projects globally, to align our common goals by advancing the Pan American lithium brine projects and a strategic partnership."

**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.

**About POSCO**

POSCO is a publicly traded Korean conglomerate, first established in 1968, with a focus on the production and sale of steel and steel products, both domestically in Korea and internationally. POSCO is the fourth largest steel producer in the world. In 2008, POSCO produced over 33 million tons of crude steel, had revenues of over CDN\$28 billion and net profits of over \$CDN4 billion.

On Behalf of the Board,

PAN AMERICAN LITHIUM CORP.

/s/ Andrew Brodkey

Andrew A. Brodkey

President and CEO

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