



**PAMPA METALS CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
("MD&A")**

**FOR THE THREE AND NINE MONTHS ENDED  
SEPTEMBER 30, 2021 AND 2020**

**UNAUDITED**

(All amounts expressed in Canadian dollars unless otherwise indicated)

## **Introduction**

Pampa Metals Corp. (the "Company" or "Pampa") is a Vancouver-based mineral exploration company engaged in the acquisition and exploration of base metals and precious metals projects in Chile. The Company is a reporting issuer in British Columbia, Alberta and Ontario, and trades on the Canadian Securities Exchange ("CSE") under the symbol PM; the Frankfurt Stock Exchange (FSE: FIRA); and on the OTCQX<sup>®</sup> Best Market (OTCQX: PMMCF). The Company is eligible for electronic clearing and settlement through the Depository Trust Company ("DTC") in the United States.

Pampa was created out of a business combination between West Pacific Ventures Corp. ("WestPac"), Fireswirl Technologies Inc. ("Fireswirl") and 1263621 B.C. Ltd.. WestPac had previously acquired eight (8) exploration projects from Revelo Resources Corp. ("Revelo" / TSX-V: RVL) for a combination of cash and shares in the resulting issuer that became Pampa (the "Transaction"). Concurrent with the closing of the Transaction WestPac completed a private placement of a total of 10,061,250 subscription receipts of WestPac at a price of \$0.40 per receipt for gross proceeds of \$4,024,500. At the close of the Transaction on November 27, 2020, Revelo owned 19.9% of the issued and outstanding shares of Pampa that totaled 39,189,682 shares (fully diluted 45,041,958 shares). The resultant issuer, Pampa Metals Corp., initiated trading on the Canadian Securities Exchange ("CSE") under the ticker symbol "PM" on December 14, 2020 (see news release of same date).

Subsequent to the closing of the Transaction, on February 4, 2021, Austral Gold Ltd. ("Austral" – TSX-V: AGLD / ASX: AGD) and Revelo completed a previously announced business combination, pursuant to which Austral acquired all the issued and outstanding common shares of Revelo by way of a statutory plan of arrangement under the provisions of the Business Corporations Act (British Columbia). This resulted in Austral indirectly holding the 7,798,747 common shares of Pampa owned by Revelo, and consequently becoming the beneficial owner of a 19.9% holding in the Company. Austral is a growing gold and silver mining, development and exploration company building a portfolio of quality assets in Chile, the United States and Argentina, and has become the largest single beneficial shareholder of Pampa.

The following Management Discussion and Analysis ("MD&A") of the Company's financial condition and results of operations has been prepared by management in accordance with the requirements of National Instrument 51-102. The following information is prepared as of November 30, 2021 unless otherwise stated, and supplements, but does not form part of, the unaudited condensed interim financial statements of the Company for the three months ended September 30, 2021. This MD&A should be read in conjunction with the unaudited financial statements and related notes for the three months ended September 30, 2020.

The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts included therein and in the following Management's Discussion and Analysis ("MD&A") are in Canadian dollars except where noted.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Pampa's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity. The results for the quarter ended September 30, 2021 are not necessarily indicative of the results that may be expected for any future period.

Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.pampametals.com](http://www.pampametals.com).

### **Caution Regarding Forward-Looking Statements**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties, and other factors beyond Pampa's ability to predict or control. Please also refer to those risk factors referenced in the "Risks and Uncertainties" section below. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether because of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## **COVID-19**

The global outbreak of COVID-19 has led governments worldwide to enact emergency measures to combat the spread of the virus. Such measures may result in a period of business disruption including reduced operations, which could have a material adverse impact on the Company's results of operations, financial condition and the market and trading price of the Company's securities.

As of the date of this MD&A, the duration and immediate and eventual impact of the COVID-19 pandemic remains unknown. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company. The outbreak of COVID-19 has not caused significant disruptions to the Company's business to date, with field activities being conducted by Chile-based specialists and consultants, although international travel to Chile for management is currently not practical. Important business communication is largely reliant on digital media. However, the COVID-19 outbreak may yet cause disruptions to the Company's business and operational plans.

## **Description of Business**

Pampa owns a 100% interest in an outstanding 62,000-hectare portfolio of eight projects prospective for copper and gold located along proven mineral belts in Chile, one of the world's top mining jurisdictions. The Company has a vision to create value for shareholders and all other stakeholders by making a major copper discovery along the prime mineral belts of Chile, using the best geological and technological methods.

In addition to exploring its wholly owned portfolio of projects, Pampa will consider business development opportunities, either proactively or reactively, which management believes could be beneficial to Pampa's shareholders and enhance the Company's ability to be party to an economic mineral discovery.

Pampa is a reporting issuer in British Columbia, Alberta and Ontario, and trades on the Canadian Securities Exchange ("CSE") under the symbol PM; the Frankfurt Stock Exchange (FSE: FIRA); and on the OTCQX® (OTCQX: PMMCF). The Company is eligible for electronic clearing and settlement through the Depository Trust Company ("DTC") in the United States.

## **Overall Performance to September 30, 2021, Subsequent Events and Outlook**

The Company has no revenues, so its ability to ensure continuing operations is dependent on it discovering economically recoverable reserves on its portfolio of properties in northern Chile, and its ability to obtain necessary financing to continue and complete exploration activities to that end, as well as its ability to pursue business development opportunities that support its prime objective of discovery.

As of September 30, 2021, the Company had a net working capital of \$1,962,172 (December 31, 2020 – \$3,103,441). The Company had cash and cash equivalents of \$2,083,716 (December 31, 2020 - \$3,290,262). Working capital and cash and cash equivalents decreased during the nine months ended September 30, 2021 as a result of proceeds from the closing of a private placement on March 17, 2020 offset by exploration, evaluation expenditures and general and administrative expenses.

The Company may be required to raise additional capital to meet its ongoing operating expenses on its current projects for the twelve-month period ending December 31, 2021. Management may increase or decrease budgeted expenditures depending on exploration results and ongoing volatility in the business environment. See "Liquidity and Financial Position" below.

During the reporting period ending September 30, 2021, the Company completed wide-spaced, exploratory drilling campaigns at its Redondo-Veronica (see news releases dated July 7, July 29, and September 28, 2021) and Cerro Buenos Aires (see news releases dated July 7, July 29, August 3, and September 15, 2021) projects. Additionally, the Company advanced geological and geophysical mapping and surveying of its Block 3 and Block 4 projects (see news releases dated July 5, and August 3, 2021).

Business development activities included the signing of definitive documentation with Austral Gold Ltd. ("Austral" – TSX-V: AGLD / ASX: AGD) that gives Austral the option to earn up to an 80% interest in Pampa's Cerro Blanco and Morros Blancos projects (see news releases dated April 14, and July 28, 2021) in exchange for certain cash payments, exploration expenditures and the cancellation of 2,963,132 shares of Pampa Metals held by Austral's subsidiary, Revelo Resources Corp. Austral is also obliged to complete a Bankable Feasibility Study to earn 80%. Austral is a gold-silver producer with operating mines in northern Chile in the vicinity of the two projects subject of the agreement. Pampa subsequently announced that Austral had initiated exploration activities at the Morros Blanco project (see news release dated August 11, 2021).

The Company started trading on the OTCQB® ("OTCQB"), operated by OTC Markets Group, under the ticker symbol "PMMCF" (see news release dated May 7, 2021), and was during the reporting period upgraded for trading on the OTCQX® Best Market, the highest market tier operated by the OTC Markets Group (see news release dated July 5, 2021). The Company also became eligible for electronic clearing and settlement through the Depository Trust Company ("DTC") in the United States.

### **Subsequent Events**

Subsequent to the end of the reporting period, and through to the date of this MD&A, the Company has made further progress on several fronts, as follows:

- Pampa held a successful AGM in October in which all resolutions were overwhelmingly approved, and also welcomed A. Paul Gill to the Company's board (see news release dated October 12, 2021).
- Pampa made rapid progress on exploration activities at its Block 4 project, with the completion of a ground magnetic survey and the identification of an intense quartz-veinlet stockwork in a porphyritic intrusion associated with a magnetic high (see news release dated October 18, 2021).
- Pampa announced that it had engaged Oak Hill Financial to assist the Company in investor relations activities (see news release dated October 25, 2021).

- Pampa provided a general exploration update for the 5 projects that it has advanced since company inception in December 2020, including Cerro Buenos Aires, Redondo-Veronica, Block 4, Block 3, and Arrieros, with follow-up drill programs being considered for both Cerro Buenos Aires and Redondo-Veronica, and with potential drill targets being developed at the other three projects. Additionally, Pampa was able to report encouraging preliminary results from Austral's exploration work at the Morros Blancos project (see news release dated November 2, 2021).

The company believes it is well placed to achieve success, with rapid advancement of its exploration portfolio to date and with two initial drill tests at Cerro Buenos Aires and Redondo-Veronica completed. Multiple technical results to date from five projects are still being evaluated in order to prioritise the very best opportunities for follow-up work. The company has a portfolio approach to exploration, with eight projects each of which has the potential to host more than one target of interest. Two of Pampa's projects are now subject to third-party exploration expenditures (Austral) and can be advanced without recourse to Pampa's treasury.

### Qualified Person

Technical information in this quarterly highlight has been approved by Mario Orrego G, Geologist and a Registered Member of the Chilean Mining Commission and a Qualified Person as defined by National Instrument 43-101. Mr. Orrego is a consultant to the Company.

### Pampa Metals – Exploration Projects

This general description of the Projects has been broken down into two groupings, referred to as the "Pampa" Projects and the "Lithocap" Projects as described below:

#### Pampa Projects

The Arrieros, Block 2, Block 3, Block 4, and Redondo-Veronica projects all lie along the mid-Tertiary porphyry copper belt of northern Chile and the related Domeyko Cordillera fault system. The five projects are located along a 400 km long segment of the belt, which includes the Chuquicamata (Codelco), Centinela (Antofagasta Minerals, Marubeni, and partners), Gabriela Mistral or Gaby (Codelco), La Escondida (BHP, Rio Tinto, and partners) and El Salvador (Codelco) porphyry Cu-Mo-Au deposits. The Domeyko Cordillera copper mines are responsible for producing more than 15% of world copper production, and around 60% of Chilean copper production, and include the world's largest single copper mine at La Escondida. The Arrieros project was subject to a Technical Report for the initial listing requirements of Pampa.

All Pampa's projects are characterized by variable but generally extensive post-mineral gravel and caliche-covered basins, typically called "pampas", which obscure the underlying geology. Mapping of the geology of peripheral outcrops and structural corridors together with geophysical surveying, followed by drill testing, are the main tools available for exploration of concealed porphyry copper systems. The projects all lie directly along north-south blocks of thick-skinned tectonically inverted Paleozoic and Mesozoic rocks, where early to mid-Tertiary pre-mineral intrusions and porphyry-type hydrothermal alteration

zones have been recognized. Although historic drilling has been carried out on some of the projects by third parties, large areas with indicative data and potential to conceal porphyry deposits remain untested. Geological mapping and geophysical surveying of the Pampa projects portfolio, focused on Arrieros, Redondo-Veronica, Block 3, and Block 4 to date, have been advanced since inception of the Company in December 2020, and continues to advance through to the date of this MD&A with Redondo-Veronica also being subject to an initial, wide-spaced drill test on three separate targets.

Limited additional ground has been staked around both the Redondo-Veronica and Block 4 projects in order to further protect encouraging results and targets to date.

Wholly Owned Pampa Projects	Ownership	Ownership %	Area Hectares
Arrieros	Pampa Metals Chile SpA	100	13,713
Redondo Veronica	Pampa Metals Chile SpA	100	6,600
Block 2	Pampa Metals Chile SpA	100	3,300
Block 3	Pampa Metals Chile SpA	100	10,143
Block 4	Pampa Metals Chile SpA	100	6,800
<b>Pampa Targets – Total:</b>			<b>40,774</b>

#### Lithocap Projects

The Cerro Blanco, Cerro Buenos Aires and Morros Blancos projects all lie along the early-Tertiary aged mineral belt of northern Chile often referred to as the Paleocene Belt. This mineral belt extends from at least southern Peru to central Chile – more than 1,500 kilometers – and is host to important porphyry copper deposits and mines such as Cerro Colorado and Spence (BHP and partners), Sierra Gorda (KGHM and partners), Lomas Bayas (Glencore) and Relincho (Teck and partners), in northern Chile. The segment south of Antofagasta is also characterized by historically important and currently producing gold and silver mines of both high-sulphidation and low-sulphidation type, such as the El Peñon-Fortuna district (Yamana Gold), Amancaya (Austral Gold), and the Inca de Oro district.

The three Lithocap projects all occur within a 100 km long segment of the belt dominated by gold and silver deposits and mines between El Peñon and Amancaya. Their geology is characterized by high-level, advanced argillic hydrothermal alteration zones commonly called “lithocaps”, which may be related to concealed high-sulphidation and porphyry copper or copper-gold systems. Cerro Buenos Aires and Morros Blancos have extensive hydrothermal alteration zones with zoned geochemical patterns at surface, but also have significant post-mineral gravel-filled pampas. Cerro Blanco is a small, 1 x 2 Km hydrothermally altered outcrop surrounded by extensive post-mineral gravel-filled pampas.

Historic magnetics coverage at both Cerro Buenos Aires and Cerro Blanco reveals several magnetic highs that might be related to porphyry copper centres. Minor and peripheral drilling support the currently understood exploration upside for these Lithocap projects. All the projects require (further) geophysical surveying as well as detailed geological mapping, amongst other exploration activities, in order to fully understand the best targets. Geological mapping of the entire Cerro Buenos Aires project and geophysical surveying of the northern portion of the Cerro Buenos Aires project has been completed, together with an initial, wide-spaced drill test campaign of the northern Cerro Chiquitin target area.

The Company also signed definitive documentation with Austral, whereby Austral will be granted an option to acquire up to an 80% joint venture interest in the Cerro Blanco and Morros Blancos properties.

Wholly Owned Lithocap Projects	Ownership	Ownership %	Area Hectares
Cerro Blanco *	Pampa Metals Chile SpA	100	6,550
Cerro Buenos Aires	Pampa Metals Chile SpA	100	7,673
Morros Blancos *	Pampa Metals Chile SpA	100	7,310
<b>Lithocap Targets – Total:</b>			<b>21,533</b>

\* Subject to Option Agreement with Austral Gold Ltd.

## Exploration

Pampa has published initial exploration results from its Arrieros, Redondo-Veronica, Block 3, Block 4, and Cerro Buenos Aires projects to the date of this MD&A. See Pampa's website ([www.pampametals.com](http://www.pampametals.com)) for further information.

### Arrieros

The Arrieros project is located along the preeminent Eocene-Oligocene (Domeyko) porphyry copper belt of northern Chile, midway between the giant Chuquicamata and Centinela porphyry copper mining districts. Geological mapping of the limited rock outcrops on the northern and western margins of the Arrieros project area was completed by mid-February 2021. Porphyry style hydrothermal alteration occurs to the west and north of the project area, on ground not controlled by Pampa. Geophysical surveying, including 3D-VIP, MT, and magnetics surveying, were completed. Several magnetic features of potential interest for porphyry copper exploration were delineated, together with one principal IP chargeability anomaly, historically undrilled. The property is largely characterised by post-mineral cover materials, and geophysical evidence suggests the cover is thick in the central-southern part of the project. Pampa Metals is currently evaluating the best next steps for the project. See news releases dated February 16, February 25, and November 2, 2021 for further information.

### Redondo-Veronica



Redondo-Veronica is also located along the Eocene-Oligocene (Domeyko) porphyry copper belt of northern Chile, to the south of Arrieros, and approximately midway between the Gaby and giant Escondida porphyry copper mining districts. Geological mapping at the project was completed and identified five separate areas of hydrothermal alteration with characteristics of porphyry copper systems, with intervening areas of post-mineral, gravel filled "pampas". One of the five areas was subject to significant historic exploration, including drill testing, but the historic results are not available to Pampa. Geophysical surveying comprising 3D-VIP, MT and magnetics surveying was completed, and an initial drill test of three of the five identified areas of interest totalling 1,956m in 7 holes was completed, with encouraging results for deep porphyry systems at two of these target areas. See news releases dated February 25; March 23; June 2; June 16; June 29; July 7; July 29, September 28, and November 2, 2021 for further information.

#### Block 3

Block 3 is also located along the Eocene-Oligocene (Domeyko) porphyry copper belt of northern Chile, to the south of the giant La Escondida porphyry copper mining district. Geological mapping was completed at the project that is mostly characterised by post-mineral gravel-filled pampas, and has identified evidence of hydrothermal alteration with characteristics of porphyry copper systems within the limited available outcrops. A third-party project area in the centre of Block 3 was subject to significant historic drill testing, but the results of this are not available to Pampa. Geophysical surveying comprising drone-flown magnetics surveying has been completed with the identification of a series of magnetic features of potential interest for association with porphyry systems. See news releases dated March 9; March 23; June 9; July 5; August 3, and November 2, 2021 for further information.

#### Block 4

Block 4 is located along the Eocene-Oligocene (Domeyko) porphyry copper belt of northern Chile, to the south of the giant La Escondida copper mining district, and to the south of Block 3. Recent geological mapping and the completion of a detailed ground magnetic survey have revealed the coincidence of a discrete magnetic high with a dacite porphyry exhibiting an intense quartz-veinlet stockwork zone, partially exposed at surface. Other magnetic features of interest occur under post-mineral cover materials (see news releases date October 18, and November 2, 2021). Follow-up trenching and rock sampling of accessible outcrop and sub-crop is planned, and further geophysical surveying (likely induced polarisation "IP" methodologies) is being considered.

#### Cerro Buenos Aires

Cerro Buenos Aires is located along the western margins of the Paleocene metallogenic belt of northern Chile, some 35Km southwest of the Au-Ag El Peñón epithermal deposits (Yamana Gold). The project has substantial historical information including magnetometry, resistivity, soil and rock geochemistry, rock and soil spectrometry and nine RC drill holes (2739m) available to Pampa. Updated detailed geological mapping was completed in April 2021, and confirmed the presence of rocks and hydrothermal alteration of an appropriate age to host Paleocene porphyry systems. The work also indicated that the project is located along a north-northeast structural corridor along the highly prospective western margins of the

Paleocene Belt. The identification of quartz veinlets together with the improved understanding of a tourmaline breccia in the project area has enhanced the potential for finding a porphyry copper related system. An initial drill test of 9 wide-spaced holes totalling 2,738 metres at the Cerro Chiquitin target in the north of the property was completed in September, with highly encouraging results for the presence of a porphyry system. See news releases dated April 28; May 12; June 2; June 16; July 7; July 29; August 3, September 15, and November 2, 2021 for further information.

The company started significant exploration work on its properties in January 2021. During the 9 months ended September 30, 2021 the company had spent approximately \$2M on exploration of the company's properties as follows:

Deferred Exploration Costs	Nine Months Ended June 30, 2021	Six Months Ended December 31, 2020
Geophysics	947,549	14,744
Geochemistry	68,521	146,441
Drilling	843,257	-
Professional Fees	103,983	-
Other Exploration Costs	69,362	106,555
Land Fees	372,468	17,686
Impact of Foreign Exchange	(372,886)	-
Total	\$2,032,255	\$285,426

- \$947K (approximate) – Geophysical surveying at 3 properties: Arrieros, Redondo Veronica, Cerro Bueno Aires and Block 3
- \$843,257K (approximate) – Drilling Cerro Bueno Aires and Redondo Veronica
- \$372K (approximate) – Land Fees against all projects

Note: These exploration costs are capitalized and appear as part of the Company's Asset Base in the Financial Statements. See also Note 10 to the Financial Statements.

*Disclaimer Note: The reader is cautioned that the Pampa and Lithocap Projects are early-stage exploration properties and reference to existing mines and deposits, or mineralization hosted on adjacent and nearby properties, is not necessarily indicative of any mineralization hosted on the Projects.*

### **Trends and Economic Conditions**

Although there can be no assurance that additional funding will be available to the Company, management is of the opinion that copper and gold prices will continue to be favourable and hence it may be possible to obtain additional funding for its projects. However, the Company remains cautious in case economic factors that impact the mining industry deteriorate.

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Global copper and gold prices;
- Demand for copper and gold;
- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability, the ability of labour to travel and work in field project areas, and contractor availability and supply lines;
- Purchasing power of the Canadian and United States dollars; and
- Ability to obtain funding.

Apart from these and the risk factors noted under the heading "Risks and Uncertainties", the Company is not aware of any other trends, commitments, events, or uncertainties that would have a material effect on the Company's business, financial condition, or results of operations.

### **Off-Balance-Sheet Arrangements**

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

### **Possible Transactions**

The Company routinely evaluates various business development opportunities which could entail optioning properties, direct acquisitions, trades and/or divestitures. The Company will only announce such developments when there is a reasonable degree of certainty to a transaction and when the transaction could be material to the Company. There can be no assurances that any such transactions will be concluded in the future. The Company signed definitive documentation with Austral Gold Ltd. in relation to Pampa's Cerro Blanco and Morros Blancos projects during the reporting period.

### **Environmental Contingency**

The Company's exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are subject to change and may

become more restrictive. As of September 30, 2021, the Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future.

### Discussion of Operations

- Three months ended September 30, 2021 compared with three months ended September 30, 2020
  - Pampa's net loss totaled \$726,262 for the three months ended September 30, 2021, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$5,923 with basic and diluted loss per share of \$0.00 for the three months ended September 30, 2020. The increase of \$720,279 in net loss was principally because the company only commenced operations in December 2020 upon completion of the RTO transaction. Some of the significant expenses incurred during the three months ended June 30, 2021 are as follows:
    - \$106,500 in Investor relations and communications
    - \$168,556 in Director and Management fees
    - \$100,027 in Professional fees
    - \$153,490 in Stock Compensation expense
    - \$222,463 in Foreign Exchange due to fluctuations between the CDN \$, USD \$ and Chilean PesoAll other expenses are related to general working capital purposes.
- Nine months ended September 30, 2021 compared with nine months ended September 30, 2020
  - Pampa's net loss totaled \$2,017,698 for the nine months ended September 30, 2021, with basic and diluted loss per share of \$0.04. This compares with a net loss of \$30,178 with basic and diluted loss per share of \$0.01 for the six months ended June 30, 2020. The increase of \$2,077,520 in net loss was principally because the company only commenced operations in December 2020 upon completion of the RTO transaction. Some of the significant expenses incurred during the three months ended June 30, 2021 are as follows:
    - \$533,524 in Investor relations and communications
    - \$458,503 in Director and Management fees
    - \$305,914 in Professional fees
    - \$455,465 in Stock Compensation expense
    - \$261,701 in Foreign Exchange due to fluctuations between the CDN \$, USD \$ and Chilean Peso

All other expenses are related to general working capital purposes.

### Liquidity and Financial Position

The activities of the Company, principally the acquisition and exploration of mineral properties, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants. There is no assurance that equity capital will be available to the Company in the amounts or at the times desired or on terms that are acceptable to the Company, if at all.

Cash used in operating activities was \$1,516,566 for the nine months ended September 30, 2021. Operating activities were affected by a net loss of \$1,845,997 plus non-cash items of \$474,135 and the negative change in non-cash working capital balances of \$144,704.

Cash provided by financing activities was \$2,521,351 for the nine months ended September 30, 2021 which represents the proceeds from private placement during the Q1.

Cash used by investing activities was \$2,028,800 represents primarily exploration expenditures on the company's mineral properties.

On September 30, 2021, Pampa had \$2,068,413 in cash and cash equivalents (December 31, 2020 - \$3,290,262).

The Company has no operating revenues and therefore must utilize its funds obtained from equity financing and other financing transactions to maintain its capacity to meet ongoing exploration and operating activities. The Company may be required to raise additional capital to meet its ongoing operating expenses and continue to meet its obligations on its current projects for the twelve-month period ending December 31, 2021. Management may increase or decrease budgeted expenditures depending on exploration results and ongoing volatility in the economic environment.

As of June 30, 2021, and to the date of this MD&A, the cash resources of Pampa are held with the Bank of Montreal.

The Company's use of cash at present occurs, and in the future will occur, principally in two areas, namely, funding of its general and administrative and exploration expenditures and funding of its investment activities. Those investing activities include the cash components of the cost of acquiring its tenements. For fiscal 2021, the Company's expected operating expenses are estimated to average \$100,000 per month for recurring operating costs. The Company has estimated mineral lease payments of \$350,000 over the next twelve-month period. Management may reassess its planned expenditures based on the Company's working capital resources, the scope of work required to advance exploration on its projects and the overall condition of the financial markets.

Assuming that management is successful in developing a substantial copper deposit in Chile, future work plans to develop the deposit will depend upon the Company's assessment of prior results, the condition of the Company financially and the then prevailing economic climate in general.

The Company's working capital is \$1,962,172 on September 30, 2021.

## Recent Accounting Pronouncements

### IFRS 16 - Leases

The Company adopted IFRS 16 using the modified retrospective transition approach. Accordingly, comparative figures at and for the quarter ended September 30, 2021 have not been restated and continue to be reported under IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Elected not to reassess whether a contract is, or contains, a lease at the date of initial application.
- For leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.
- At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

The Company has elected not to recognize a right of use asset and lease liability in relation to this lease agreement due to the short-term nature.

### Uncertainty over Income Tax Treatments

In June 2017, the IASB issued IFRIC 23 Uncertainty over Income Tax Treatments with a mandatory effective date of January 1, 2019. The interpretations provide guidance on how to value uncertain income tax positions based on the probability of whether the relevant tax authorities will accept a Corporation's tax treatments. A Corporation is to assume that a taxation authority, with the right to examine any amounts reported to it, will examine those amounts, and will have full knowledge of all relevant information when doing so. IFRIC 23 is to be applied by recognizing the cumulative effect of initially applying these guidelines in opening retained earnings without adjusting comparative information. For the period beginning July 1, 2019, the implementation of IFRIC 23 did not have a material effect on the consolidated financial statements.

## Critical Accounting Estimates

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to

accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, if actual results differ from assumptions made, relate to, but are not limited to, the following:

the recoverability of amounts receivable that are included in the consolidated statements of financial position:

- the inputs used in the Black-Scholes valuation model (volatility; interest rate; expected life and forfeiture rate) in accounting for share-based payment transactions and warrants; and
- the valuation of income tax accounts; and
- the recoverability of exploration and evaluation assets - the application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure has been capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

Critical accounting judgments

- management applied judgment in determining the functional currency of Pampa Metals SPA as Chilean Pesos, the functional currency of Pampa Metals Corp. as CDN dollars and the presentation currency of the Company as Canadian dollars;
- acquisition method accounting - during the acquisition of the Chilean Copper Projects, judgment was required to determine if the acquisition represented a business combination or an asset purchase. More specifically, management concluded that they did not represent a business, as the assets acquired were not an integrated set of activities with inputs, processes, and outputs. Since it was concluded that the acquisition represented the purchase of assets, there was no goodwill generated on the transaction and acquisition costs were capitalized to the assets purchased rather than expensed. As the Company concluded that the acquisition was an asset acquisition, an allocation of the purchase price to the individual identifiable assets acquired, including intangible assets, and liabilities assumed based on their relative fair values at the date of purchase was required. The fair values of the net assets acquired were calculated using significant estimates and judgments. If estimates or judgments differed, this could result in a

materially different allocation of net assets on the consolidated statement of financial position;  
and

- management assessment of no material restoration, rehabilitation, and environmental obligations, based on the facts and circumstances that existed during the year.

### Capital Risk Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, which comprises share capital, reserves, and accumulated deficit, which on June 30, 2021 totaled \$8,250,385 (December 31, 2020 - \$6,235,576).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the quarter ended September 30, 2021.

### Financial Risk Management

#### Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and commodity and equity price risk).

Risk management is carried out by the Company's management team under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management. There were no changes to credit risk, liquidity risk or market risk for the quarter ended September 30, 2021.

#### (i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents. Cash is held with select major Canadian and American chartered banks, from which management believes the risk of loss to be minimal.



(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. All accounts payable and accrued liabilities are due in the next twelve months. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether because of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

(a) Interest rate risk

The Company currently does not have any short-term or long-term debt that is interest bearing and, as such, the Company's current exposure to interest rate risk is minimal.

(b) Foreign currency risk

The consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency. The Company holds cash balances in Canadian dollars and US dollars which could give rise to exposure to foreign exchange risk. It is not the Company's policy to hedge its foreign currency related to the US dollar.

(c) Commodity and equity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to gold and the stock market to determine the appropriate course of action to be taken by the Company.

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of gold. There is no assurance that, even if commercial quantities of gold deposits are produced in the future, a profitable market will exist for them. As of September 30, 2021, the Company was not a gold producer. Even so, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

(d) Related parties include the Board of Directors, close family members, other key management individuals and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The Company define keys management personnel as its CEO, CFO and Board of Directors.

Related party transactions conducted in the normal course of operations are measured at the fair value and approved by the Board of Directors in strict adherence to conflict-of-interest law and regulations.

The Company incurred no related party transactions during the three months ended September 30, 2021.

(e) Insider shareholdings

None of the Company's major shareholders have different voting rights than other holders of the Company's common shares.

As of September 30, 2021, directors, and officers of the Company, with individual control of less than 10% of the total common shares outstanding, collectively control 4,942,500 (December 31, 2020 – 4,050,000) common shares of the Company or approximately 11.4% (December 31, 2020 – 10.7%) of the total common shares outstanding. To the knowledge of the directors and officers of the Company, and beyond Revelo Resources holding 5,926,264 common shares of the company, the remaining common shares of the Company were widely held.

### Share Capital

As of the date of this MD&A, the Company had 43,432,261 issued and outstanding common shares.

Stock options outstanding for the Company at the date of this MD&A were as follows:

Options	Expiry Date	Exercise Price
600,000	October 7, 2026	\$0.45
3,000,000	December 22, 2025	\$0.45

Warrants outstanding for the Company at the date of this MD&A were as follows:

Warrants	Expiry Date	Exercise Price
332,500	October 19, 2022	\$0.60
5,519,756	November 27, 2022	\$0.60
3,057,530	March 18, 2023	\$0.60

### Disclosure of Internal Controls

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

1. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized, and reported within the time periods specified in securities legislation; and
2. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Risks and Uncertainties**

The Company's financial condition, results of operation and business are subject to certain risks, certain of which are described below (and elsewhere in this MD&A):

#### *Additional Funding Requirements*

The Company is reliant upon additional equity financing in order to continue its business and operations because it is in the business of mineral exploration and at present does not derive any income from its mineral assets. There is no guarantee that future sources of funding will be available to the Company. If the Company is not able to raise additional equity funding in the future, it will be unable to carry out its business.

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Commodity Price Volatility

The price of gold can fluctuate drastically and is beyond the Company's control. While the Company would benefit from an increase in the value of gold, a decrease in the value of gold could also adversely affect it.

Title to Mineral Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed or impugned. Although the Company has investigated its title to the mineral properties for which it holds an option or concessions or mineral leases or licenses, there can be no assurance that the Company has valid title to such mineral properties or that its title thereto will not be challenged or impugned. For example, mineral properties sometimes contain claims or transfer histories that examiners cannot verify; and transfers under foreign law often are complex. The Company does not carry title insurance with respect to its mineral properties. A successful claim that the Company does not have title to a mineral property could cause the Company to lose its rights to mine that property, perhaps without compensation for its prior expenditures relating to the property.

Mineral Exploration

Mineral exploration involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides, and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities. The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of some properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining, or to upgrade existing infrastructure. There can be no assurance that the funds required to exploit any mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. The economics of exploiting mineral reserves and resources discovered by the Company are affected by many factors, many outside the control of the Company, including the cost of operations, variations in the grade of ore mined and metals recovered, price fluctuations in the metal markets, costs of processing equipment, and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. There can be no assurance that the Company's mineral exploration and exploitation activities will be successful.

Country Risk

The Company could be at risk regarding any political developments in the country in which it operates. At present the Company is only active in Canada and the United States.

### Uninsurable Risks

Mineral exploration activities involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could negatively affect the Company's profitability and financial position and the value of its common shares. The Company does not maintain insurance against environmental risks.

### Environmental Regulation and Liability

The Company's activities are subject to laws and regulations controlling not only mineral exploration and exploitation activities themselves but also the possible effects of such activities upon the environment. Environmental legislation may change and make the mining and processing of ore uneconomic or result in significant environmental or reclamation costs. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mineral exploitation activities, such as seepage from tailings disposal areas that could result in environmental pollution. A breach of environmental legislation may result in the imposition of fines and penalties or the suspension or closure of operations. In addition, certain types of operations require the submission of environmental impact statements and approval thereof by government authorities. Environmental legislation is evolving in a manner that may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors, officers, and employees. Permits from a variety of regulatory authorities are required for many aspects of mineral exploitation activities, including closure and reclamation. Future environmental legislation could cause additional expense, capital expenditures, restrictions, liabilities, and delays in the development of the Company's properties, the extent of which cannot be predicted. In the context of environmental permits, including the approval of closure and reclamation plans, the Company must comply with standards and laws and regulations that may entail costs and delays, depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. The Company does not maintain environmental liability insurance.

### Regulations and Permits

The Company's activities are subject to a wide variety of laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, protection of historic and archaeological sites, mine development and protection of endangered and protected species, aboriginal title and access and other matters. The Company is required to have a wide variety of permits from governmental and regulatory authorities to carry out its activities. These permits relate to virtually every aspect of the Company's exploration activities. Changes in these laws and regulations or changes in their enforcement or interpretation could result in changes in legal requirements or in the terms of the Company's permits that could have a significant adverse impact on the Company's existing or future

operations or projects. Obtaining permits can be a complex, time-consuming process. There can be no assurance that the Company will be able to obtain the necessary permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties, or other liabilities.

#### Potential Dilution

The issue of common shares of the Company upon the exercise of the options and warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional options and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.

#### Competition

Competition in the mineral exploration business is intense and could adversely affect the ability of the Company to suitably develop its properties. The Company will be competing with many other exploration companies possessing greater financial resources and technical facilities. Accordingly, there is a high degree of competition for desirable mineral leases, suitable prospects for drilling operations and necessary mining equipment, as well as for access to funds. There can be no assurance that the necessary funds can be raised or that any projected work will be completed.

#### Conflicts of Interest

Certain of the directors of the Company are also directors, officers, or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company will be required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the director will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

#### **Covid-19 Risks**

The worldwide emergency measures taken to combat the COVID-19 pandemic may continue, could be expanded, and could also be reintroduced in the future following relaxation. As governments implement monetary and fiscal policy changes aimed to help stabilize economies and capital markets, we cannot predict legal and regulatory responses to concerns about the COVID-19 pandemic and related public health issues and how these responses may impact our business. The COVID-19 pandemic, actions taken globally in response to it, and the ensuing economic downturn has caused significant disruption to business activities and economies. The depth, breadth and duration of these disruptions remain highly uncertain currently. Furthermore, governments are developing frameworks for the staged resumption of

business activities. As a result, it is difficult to predict how significant the impact of the COVID-19 pandemic, including any responses to it, will be on the global economy and our business. We have outlined these risks in more detail below.

*Strategic & Operational Risks*

The ongoing COVID-19 pandemic could adversely impact our financial condition in future periods because of reduced business opportunities via acquisitions and dispositions of exploration and development properties. The uncertainty around the expected duration of the pandemic and the measures put in place by governments to respond to it could further depress business activity and financial markets. Our strategic initiatives to advance our business may be delayed or cancelled as a result.

To date, our operations have remained stable under the pandemic but there can be no assurance that our ability to continue to operate our business will not be adversely impacted, to the extent that aspects of our operations which rely on services provided by third parties fail to operate as expected. The successful execution of business continuity strategies by third parties is outside our control. If one or more of the third parties to whom we outsource critical business activities fails to perform because of the impacts from the spread of COVID-19, it could have a material adverse effect on our business and operations.

*Liquidity risk and capital management*

Extreme market volatility and stressed conditions resulting from COVID-19 and the measures implemented to control its spread could limit our access to capital markets and our ability to generate funds to meet our capital requirements. Sustained global economic uncertainty could result in more costly or limited access to funding sources. In addition, while we currently have sources of liquidity, such as cash balances, there can be no assurance that these sources will provide us with sufficient liquidity on commercially reasonable terms in the future. Extreme market volatility may leave us unable to react in a manner consistent with our historical practices.

*Market Risk*

The pandemic and resulting economic downturn have created significant volatility and declines in financial and commodity markets. Central banks have announced emergency interest rate cuts, while governments are implementing unprecedented fiscal stimulus packages to support economic stability. The pandemic could result in a global recessionary environment with continued market volatility, which may continue to impact our financial condition.