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Austral Gold Commences Drill Program at Pampa Metals' Morros Blancos Project in Chile

(CSE: PM) (FSE: FIRA) (OTCQX®: PMMCF) **For Immediate Release**

Vancouver – January 11, 2022 – Pampa Metals Corp. ("Pampa Metals" or the "Company") (CSE: PM / FSE: FIRA / OTCQX®: PMMCF) is pleased to announce that its partner, Austral Gold Limited ("Austral") (ASX: AGD; TSX-V: AGLD), has commenced the first phase of a drilling program at Pampa Metals' Morros Blancos project located in the Paleocene Mineral Belt in northern Chile, close to Austral's operating Guanaco/Amancaya mining complex.

The drilling program is pursuant to the option agreement (the "Agreement") between Pampa Metals and Austral as announced on July 28, 2021. The Agreement entitles Austral to acquire up to an 80% interest in the Company's Morros Blancos and Cerro Blanco properties, which comprise ~7,300 and ~6,500 hectares, respectively. Since signing the Agreement in late July 2021, Austral has incurred ~US$0.5 million in exploration expenditure on both properties. To acquire the first 60% interest in both properties, exploration expenses of US$1M must be incurred in year 1 and US$2M in year 2 of the Agreement.

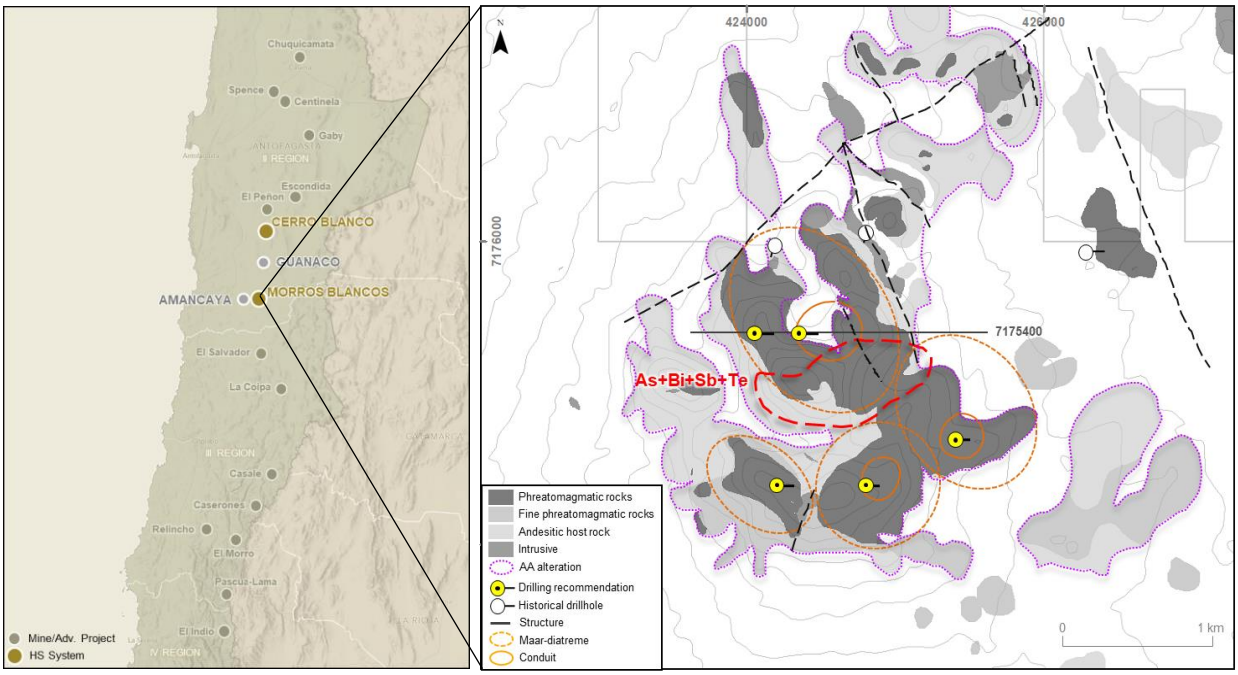
Morros Blancos Drilling Program

The first phase of drilling activities will involve approximately 2,000m of diamond drilling (DD) in 5 holes at the Rosario del Alto target in the north of the Morros Blancos property. The targeting process from a semi-regional exploration program was based on the definition of a structural framework and remote sensing processes. Three prospective areas were identified at the intersection of first order NE-striking and NW-striking thick skinned fault zones, together with a 15 km x 3 km NE-oriented favorable hydrothermal alteration corridor.

Target delineation has been completed at the first prospective area named Rosario del Alto, where key elements of a high-sulphidation system have been field validated, including four maar-diatreme structures, multiplicity of phreatomagmatic breccias extending over an area of ~2 km x 1 km, and a preserved structural block based on shallow volcanic features and high-level hydrothermal alteration.

Systematic surface geochemical prospecting at Rosario del Alto with 297 rock chip samples and over 450 spectrometry measurements has validated extensive advanced argillic alteration (~4 km x 3 km) with preserved shallow levels of erosion. Low Au values were detected, which correspond with the exposure level of the system. A pathfinder geochemical anomaly is concentrated on the central zone and is apparently controlled by the border of a suggested volcanic crater.

Newly acquired high-resolution ground magnetic data collected on 38 north-south oriented lines (100 m spacing) is being processed by an external consultant. Preliminary results show demagnetized areas, presumably due to an acidic hydrothermal alteration system with spatially matching phreatomagmatic features. Five east-west oriented CSAMT lines (totalling 12 km) were surveyed over favorably altered centers and confirmed subvertical cone-shaped resistors over 10,000 ohms/m in 1D and 2D inversions.



Location Map & Schematic Geology of the Rosario del Alto Target at Morros Blancos

Julian Bavin, CEO of Pampa Metals, commented: "We are excited to see another project in Pampa Metals' portfolio being drill tested to bring in the new year. Austral is focused on exploring the gold and silver potential at Morros Blancos and their work to date has demonstrated the presence of a possibly mineralised high-sulphidation system with many attractive exploration characteristics. We look forward to the results of the drilling over the coming weeks."

ABOUT PAMPA METALS

Pampa Metals is a Canadian company listed on the Canadian Stock Exchange (CSE: PM) as well as the Frankfurt (FSE: FIRA) and OTC (OTCQB®: PMMCF) exchanges. Pampa Metals owns a highly prospective 62,000-hectare portfolio of eight projects 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. For more information, please visit Pampa Metals' website www.pampametals.com.

Qualified Person

Technical information in this news release 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.

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

ON BEHALF OF THE BOARD

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FORWARD-LOOKING STATEMENTS

This news release contains certain statements that may be deemed "forward-looking statements". All statements in this release, other than statements of historical fact, that address events or developments that Pampa Metals expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "indicate" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Although Pampa Metals believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guaranteeing of future performance and actual results may differ materially from those in forward-looking statements.