

Pampa Metals Signs Letter of Intent with Austral Gold Ltd.

For the Exploration of its Cerro Blanco and Morros Blancos Properties in Chile

(CSE: PM) (FSE: FIRA) (OTCPK: PMMCF)

For Immediate Release

Vancouver – April 14, 2021 – Pampa Metals Corp. (“Pampa Metals” or the “Company”) is pleased to announce that it has signed a Letter of Intent (“LOI”) dated April 13, 2021 with Austral Gold Ltd. (“Austral” – TSX-V: AGLD / ASX: AGD), whereby Austral will be granted an option to acquire up to an 80% joint venture interest in the Cerro Blanco and Morros Blancos properties (the “Properties”) 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. (the “Option”).

Austral is a growing gold and silver producer in North and South America, with listings on the TSX and ASX, which is building a portfolio of quality assets in the Americas. Austral currently owns two operating gold-silver mines in Chile, has advanced projects in Argentina, and has an interest in a producing gold mine in Nevada, US.

Julian Bavin, CEO of Pampa Metals, commented: *“We are extremely pleased to be entering into this agreement with Austral, which brings great experience in gold exploration to our Cerro Blanco and Morros Blancos Properties. Through this transaction we are also returning to our treasury a significant number of shares that will better position the Company when additional capital is required. The transaction also ensures that more projects within Pampa Metals’ portfolio will be advanced rapidly and efficiently, allowing the Company to direct its treasury towards other projects within its 100% owned portfolio.”* And he continued: *“In addition, the close proximity of our Cerro Blanco and Morros Blancos projects to Austral’s operating mines and processing operations in Chile provide enhanced optionality to Pampa Metals and, subject to exploration and development success, future real value returns to our shareholders.”*

Summary

Austral is currently a 19.2% shareholder in Pampa Metals through Austral’s acquisition and ownership of Revelo Resources Corp. in February 2021. Pampa Metals’ Morros Blancos and Cerro Blanco projects are located within 50 Km to 60 Km from Austral’s flagship gold-silver mine and processing facilities at Guanaco in northern Chile, and Morros Blancos is additionally located adjacent to Austral’s Amancaya gold-silver mine, which provides additional feed to the Guanaco plant.

The 6,500-hectare Cerro Blanco and 7,300-hectare Morros Blancos projects are two of the three “lithocap” projects within the Company’s 8 project exploration portfolio. Lithocap targets geologically represent the upper portions of potential porphyry copper systems, and often have significant precious metals potential. Historic results to date at both projects suggest good potential for near surface gold-silver mineralization possibly associated with deeper copper mineralization.

As a result of the Company's primary focus on copper and desire to advance its portfolio as rapidly and efficiently as possible, it is open to third party investment in some key projects, including this transaction with Austral.

Key terms of the LOI, which will allow Austral to acquire an initial 60% interest in the Properties for certain considerations and commitments, are as follows:

- Incurring Exploration Expenditures on the Properties of at least \$1 million in year 1 and \$2 million in year 2.
- Returning 2,963,132 Pampa Metals' shares held by Revelo Resources Corp. for cancellation on the effective date of the grant of the Option. The share cancellation would decrease Austral's holding in Pampa Metals from 19.2% to 12.8%, and represents one-third of Austral's share holdings in Pampa Metals. This will reduce the total issued shares of Pampa Metals to 43,432,807 based on the current number of issued shares.
- At the effective date of the grant of the Option, Austral will terminate Revelo Resources Corp.'s right to nominate a representative to the board of directors of Pampa Metals.
- If less than \$ 1million is spent on either of the Properties by end of year 2, the Property that fails to receive such expenditure will revert to the Company.

If the initial 60% Earn-In is completed, Austral can increase its interest to 65% by producing a Preliminary Economic Assessment ("PEA") on either or both Properties within 5 years based on a minimum of 15,000m of drilling and related engineering studies. Any Property that does not have a PEA completed within 5 years will be returned to the Company.

Austral can further increase its interest to 80% by producing a Bankable Feasibility Study ("BFS") to NI 43-101 standards with an additional 10,000m (minimum) of drilling on any one of the Properties. However, if the results of exploration or the BFS indicate that the value of mineralization is dominated by Copper rather than Gold, Pampa Metals can earn an 80% interest in any such discovery by diluting Austral to 20% using the same dilution formula by which Austral has earned its interest.

The transaction is subject to the parties entering into a definitive agreement and applicable stock exchange approvals.

About Cerro Blanco & Morros Blancos

Both the Cerro Blanco (6,500 Ha) and the Morros Blancos (7,300 Ha) Properties are prospective for high-sulphidation epithermal gold-silver (+/- copper) and porphyry copper (+/- gold +/- moly) deposits and are located in the heart of the Paleocene Mineral Belt in northern Chile. The Paleocene Belt is host to important gold-silver and copper deposits and mines, and the Properties are located along a prolific segment of the prospective belt, along trend from important precious metals mines and projects.

Cerro Blanco is located about 20 Km southwest of the multi-million ounce El Peñon gold-silver mining district (Yamana Gold) and Morros Blancos is located adjacent and to the east of Austral's Amancaya gold-silver mine. Access to both projects is easy, both being located less than 30 Km from the Pan American Highway, and altitudes are moderate. Both projects lie within potential operational distance of Austral's Guanaco processing plant, which could allow for more efficient and cost-effective development and operation.

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.

ABOUT PAMPA METALS

Pampa Metals is a Canadian company listed on the Canadian Stock Exchange (CSE: PM). Pampa Metals owns a 100% interest in an outstanding 59,000-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. For more information, please visit Pampa Metals' website here www.pampametals.com.

ON BEHALF OF THE BOARD

Julian Bavin | Chief Executive Officer

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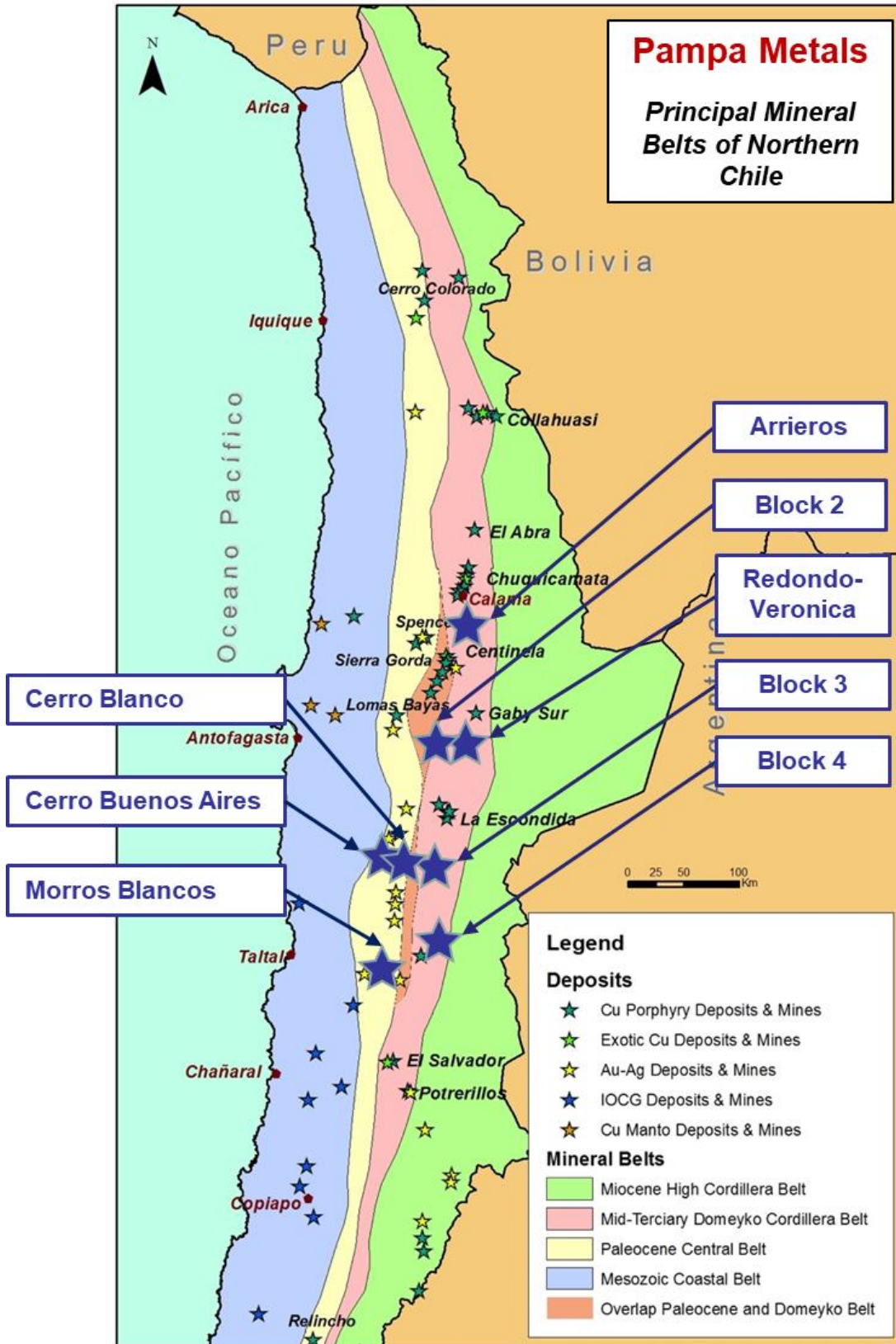
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FORWARD-LOOKING STATEMENT

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.

Pampa Metals – Locations of Projects Including Cerro Blanco & Morros Blancos



**Cerro Blanco & Morros Blancos – Project Locations with Simplified Regional Geology &
Locations with Respect to Mines & Deposits – Including Austral Gold’s Guanaco & Amancaya Mines**

