

Pampa Metals Initiates Geophysical Program at its Arrieros Copper Project in Chile

(CSE: PM) (FSE: FIRA)

For Immediate Release

Vancouver – December 23, 2020 – Pampa Metals Corp. (“Pampa Metals” or the “Company”) (CSE: PM) is pleased to announce that the company has initiated geophysical surveying at its Arrieros copper project in northern Chile.

Pampa Metals has started to acquire Resistivity and 3D Vector Induced Polarization (“VIP”), together with Magneto-Telluric (“MT”) and ground magnetic measurements over the 14,000-hectare property, which is characterised by extensive post-mineral gravel cover and is located along the preeminent Eocene-Oligocene porphyry copper belt of northern Chile.

Julian Bavin, CEO of Pampa Metals said: “We are very pleased that we have now initiated trading on the Canadian Securities Exchange (“CSE”) as announced a week ago (*see News Release of December 14, 2020*). We have immediately put our treasury money to work, have executed the geophysical contract for the work program at both Arrieros and Redondo-Veronica projects, and are now undertaking geophysical surveying at Arrieros. We are looking forward to a busy work program in 2021.”

Geophysical data acquisition is being carried out by SouthernRock Geophysics (“SRG”), an experienced Chile-based geophysical contractor with decades of experience in the acquisition of geophysical data in the conditions imposed by the Atacama Desert of northern Chile. Fieldwork started 10 days ago with the excavation of pits for transmitter electrode contacts. SRG has determined that the ground electrical contacts tested are apt for injection of adequate electrical current into the caliche and gravel cover for optimum survey conditions, and VIP and MT data acquisition is now in progress. SRG plans to temporarily demobilise for the Christmas and New Year period and then restart activities during the first week of January 2021. Geophysical surveying at Arrieros, including magnetics surveying, is expected to be completed by early February.

The VIP and MT surveying will help map chargeability and resistivity profiles of the bedrock beneath the caliche and gravel cover materials, with the objective of remote detection of potential porphyry related hydrothermal alteration and mineralization. The magnetics surveying will compliment the electrical measurements to better understand the underlying geology and to reveal magnetic anomalies that may be related to magnetite-rich potassic cores. The combination of VIP, MT, and magnetic measurements, together with 3D modelling, will reinforce target definition for possible drill follow-up.

Pampa Metals plans to complete a comprehensive work program on the Arrieros Project according to the recommended activities set forth in the NI43-101 compliant, Arrieros Technical Report (available on Pampa Metals’ website and on SEDAR), which includes the geophysical surveying described above, geological mapping and drill testing of well-supported targets.

About Arrieros

Arrieros (see attached Figure 1) is an early-stage exploration project with evidence for copper (Cu), gold (Au) and Molybdenum (Mo) mineralisation of porphyry copper type. The property is covered by 14,000 hectares (ha) of exploration and exploitation concessions in an approximately 18 km long and 8 km wide contiguous north-south block, which is centred about 40 km south of the Chuquicamata copper mine in the Antofagasta region of northern Chile.

The property is centered 25 km south of the town of Calama, an important mining centre that services the Chuquicamata / Radomiro Tomic / Ministro Hales mining cluster (Codelco); the Esperanza / Centinela mining district (Antofagasta Minerals & Marubeni); the Spence (BHP); Sierra Gorda (KGHM); El Abra (Freeport McMoRan & Codelco); and Gabriela Mistral (Codelco) copper mines, all within a 35-80 km radius of Arrieros, and is easily accessed by dirt roads from Calama.

Arrieros is located in the prolific Eocene-Oligocene porphyry copper belt of northern Chile, developed along a north-south structural feature known as the Pre-Cordillera or the Cordillera de Domeyko. The Domeyko fault system is an important control on some of the largest copper mining districts in the world. A Miocene-Holocene column of polymictic and poorly consolidated gravels and sands dominates the geology of the Arrieros property. These young sediments obscure the underlying basement geology. Granitic rocks, which are affected by porphyry type intermediate argillic, chlorite, chlorite-sericite, and quartz-sericite-pyrite (QSP) alteration, as well as tourmaline flooding and carbonate veins, outcrop along the northern and western edges of the property.

An approximate 150 x 150 m area with copper oxides occurs in a series of ancient artisanal surface workings at the northeast vertex of Arrieros. These occurrences are associated with north-south carbonate veins hosted in Jurassic calcareous rocks. Immediately towards the west, historic rock sampling of quartz-tourmaline veins indicates highly anomalous values of copper (0.127-0.415 %), gold (142-486 ppb) and molybdenum (54.5-171.5 ppm) distributed over an approximate surface area of 600 x 600 m.

The Arrieros property has been subject to limited exploration due to the extensive post-mineral cover, although historic drill testing on porphyry copper type targets has been completed in a neighbouring property to the immediate west. Additionally, poor-quality historic magnetic data covering most of the property shows a series of geophysical anomalies of interest for potential porphyry copper systems. Due to its geologic location within the prolific Eocene-Oligocene porphyry belt, midway between two important copper-mining districts (Chuquicamata and Esperanza / Centinela, located 40 km north and south of Arrieros respectively), together with the presence of important faults along the margins of the property and the geophysical anomalies, Pampa Metals interprets that the “pampa” area at Arrieros is highly prospective for concealed porphyry copper systems. Because the Arrieros property consists of an area obscured by post-mineral cover materials, with discreet rock outcrops around the margins, indirect exploration techniques must be considered. This is the focus of the exploration geophysical program being carried out by SRG.

Note: The reader is cautioned that the Arrieros Project is an early-stage exploration property 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 Arrieros Project.

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.

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, and in reduced operations, any of which could have a material adverse impact on the Company's result of operations, financial condition and the market and trading price of the Company's securities.

As of the date of this news release, 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. While the outbreak of COVID-19 has not caused disruptions to the Company's business, it may yet cause disruptions to the Company's business and operational plans.

Grant of Stock Options

The Company announces the grant of stock options under its Stock Option Plan to purchase an aggregate of 3,000,000 common shares of the Company at a price of \$0.45 per share for a five-year term expiring December 21, 2025. The stock options were granted to directors and officers of the Company and are subject to any necessary regulatory approvals.

ABOUT PAMPA METALS

Pampa Metals is a Canadian company listed on the Canadian Stock Exchange (CSE: PM). Pampa Metals has interests in an outstanding portfolio of 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

INVESTOR CONTACT

Ioannis (Yannis) Tsitos | Director

investors@pampametals.com

www.pampametals.com

Neither the CSE nor the Investment Industry Regulatory Organization of Canada accepts responsibility for the adequacy or accuracy of this release.

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.

Figure 1. Location of Arrieros Project in Relation to the Principal Mineral Belts of Northern Chile

