



Atacama Pacific Acquires Water for Cerro Maricunga

TORONTO, July 10, 2013 – Atacama Pacific Gold Corporation (TSXV:ATM) (“Atacama Pacific”) is pleased to report that it has entered into an agreement for the purchase of 2.5 million cubic metres (“m³”) of water annually, representing a flow rate 80 litres per second (“l/s”), from Aguas Chañar S.A. (“Aguas Chañar”), a Chilean water utility. Treated industrial water will be supplied by Aguas Chañar at their treatment facility in the City of Copiapo for use at Atacama Pacific’s Cerro Maricunga Oxide Gold Project located 120 kilometres northeast of Copiapo.

“We are very pleased to have obtained a sustainable water source for the proposed development of our Cerro Maricunga oxide gold deposit”, stated Carl Hansen, President and CEO of Atacama Pacific. “It is anticipated that the use of industrial water will simplify the permitting process for the project as the water is not being extracted directly from the environment. A pipeline from Copiapo would be of similar distance to the pipeline currently under consideration for the development of Cerro Maricunga but has the benefit that it would likely be constructed along the road from Copiapo to Argentina which passes within 20 kilometres of Cerro Maricunga.”

The current preliminary economic assessment for the Cerro Maricunga deposit envisions the development of an open pit mining operation and 80,000 tonne per day (“tpd”) heap leaching facility producing 267,000 ounces of gold annually at a cash of cost of \$652 per ounce over a period of approximately 10 years. To sustain these production rates, approximately 100 l/s of water flow is required.

The 80 l/s of water available under the supply agreement would support production levels of 65,000 tpd. Aguas Chañar has stated that increases in the volume of water available for sale are anticipated due to planned and proposed plant expansions at Copiapo. Atacama Pacific has the right of first refusal to acquire any volume increases available.

Atacama Pacific is reviewing the economics of a 65,000 tpd operation using a coarse crush of +10 centimetres and valley fill leaching. The goal is to reduce capital expenditures through the elimination of the currently proposed secondary and tertiary crushers and the conveyor system associated with the conventional leach pads.

Under the terms of the agreement, Aguas Chañar will supply 2.5 million m³ of water to Atacama Pacific over a period of 13 years at a rate of US\$0.75/m³ commencing upon the start of production at Cerro Maricunga. The supply agreement is renewable for successive 5-year periods at the end of the 13 year term. Prior to production at Cerro Maricunga, Atacama Pacific will pay Aguas Chañar US\$574,000 annually which is equivalent to a price of US\$0.225/m³ of water. Aguas Chañar may sell the contracted water during the pre-production period and the funds received from water sold will be credited against the payments.

Aguas Chañar is a Chilean water utility which distributes and treats water in the communities in the Atacama region including Copiapo, Chañaral, and Caldera. It serves approximately 77,000



customers in the region. Aguas Chañar has been authorized by the Environmental Evaluation Service to sell treated industrial water to mining companies and presently provides water to Freeport-McMoRan Copper & Gold Inc.'s Candelaria copper mine located south of Copiapo.

Water Exploration Programs

Atacama Pacific plans to continue exploring for water at its AMX concessions located 100 kilometres north of the Cerro Maricunga deposit and at the concessions located 70 kilometres to the east the deposit which are under a 50:50 joint venture arrangement with Exeter Resource Corporation. Currently, the costs associated with these programs are minimal.

National Instrument 43-101

Michael Easdon, a professional geologist registered with the American Institute of Professional Geologists, is the independent qualified person for the current exploration program and has reviewed the contents of this press release. Carlos Guzmán, a mining engineer, Fellow of the Australasian Institute of Mining and Metallurgy and a registered member of the Chilean Mining Commission, is the independent qualified person as defined by National Instrument 43-101 for the January 28, 2013 Preliminary Economic Assessment for the Cerro Maricunga project. Mr. Guzmán is a Principal and Project Director with NCL Ingeniería y Construcción Ltda., Santiago, Chile.

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FORWARD LOOKING STATEMENTS

This news release contains forward-looking statements, including predictions, projections and forecasts. Forward-looking statements include, but are not limited to, statements with respect to the PEA, including the potential for annual gold production in the first five years of production of 298,000 ounces, total gold production of 2.7 million ounces over a 10.1 year mine life, initial life of mine estimated operating cash costs of \$652 /oz Au, preliminary initial capital cost estimate of \$514.6 million with sustaining capital of \$249.0 million, pre-tax pay-back period of 2.5 years at \$1,450/oz Au and 1.7 years at \$1,700/oz Au, pre-tax NPV of \$741 million at \$1,450/oz Au and a 5% discount rate After-tax NPV5% of \$531 million, pre-tax NPV5% of \$1,247 million and an after-tax NPV5% of \$923 million at \$1,700/oz Au, pre-tax IRR of 33.9% at \$1,450/oz Au (after-tax IRR of 26.6%), statements regarding the expectation to increase mineral resources, statements regarding expectations for receipt of permits and environmental approvals, exploration results (including with respect to water resources), the success of exploration activities generally, mine development prospects, and potential future gold production. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "planning", "expects" or "does not expect", "continues", "scheduled", "estimates", "forecasts", "intends", "potential", "anticipates", "does not anticipate", or "belief", or describes a "goal", or variation of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, future events, conditions, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, prediction, projection, forecast, performance or achievements expressed or implied by the forward-looking



statements. Such factors include, among others, the results of due diligence activities, changes in economic parameters and assumptions, the interpretation and actual results of current exploration activities; changes in project parameters as plans continue to be refined; the results of regulatory and permitting processes; future prices of gold; possible variations in grade or recovery rates; failure of equipment or processes to operate as anticipated; labour disputes and other risks of the mining industry; the results of further economic and technical studies, delays in obtaining governmental approvals or financing or in the completion of exploration, as well as those factors disclosed in Atacama Pacific's publicly filed documents.

Although Atacama Pacific has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

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