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## ASX ANNOUNCEMENT

Monday 30th January 2012

# New Drill Results Highlight Grade Up-Side for Productora Resource, Chile

- **New resource drill results highlight potential to increase the copper grade of the inferred component of the current Productora resource**
- **Revision of the current Productora resource estimate is planned in parallel with a major resource up-grade in third quarter 2012**
- **Third drill rig secured to commence in the coming weeks**
- **Southern extensional drill programme underway**

### Productora Resource Drilling Results

#### **63m grading 0.8% Copper Equivalent\***

(0.6% copper, 0.1g/t gold, 219ppm molybdenum,

from 137m down-hole

#### **30.2m grading 0.8% Copper Equivalent\***

(0.6% copper, 0.1g/t gold, 131ppm molybdenum

from 253m down-hole

**Hole finishes in mineralisation**

#### **17.8m grading 1.2% Copper Equivalent\***

(0.8% copper, 0.2g/t gold, 308ppm molybdenum

from 238m down-hole

**Hole finishes in mineralisation**

#### ASX Code

HCH

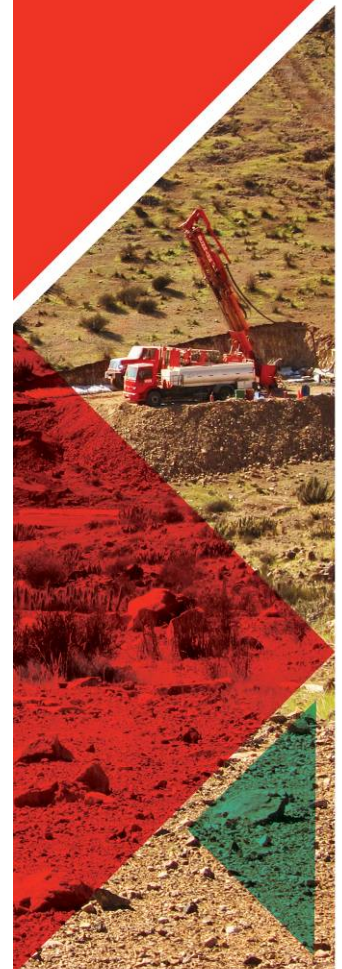
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A number of higher grade diamond drill results have been returned from resource drilling being undertaken at Hot Chili's (ASX Code: HCH) flagship Productora copper-gold-molybdenum project located in Chile.

Larger diamond core sample size was selected for the second phase of drilling within the inferred component of the 85.1Mt JORC compliant resource. To date, results from the second phase diamond drilling programme display better grade reconciliation with the upper, higher copper grade component of the existing resource.

The results are important as they indicate that the grade of the first resource estimation may have potentially been underestimated. A revision to the current Productora resource will be undertaken in parallel with a major resource up-grade in the third quarter of 2012.

### Productora Resource Up-grade Drilling Programme

A component of Hot Chili's second phase 70,000m drilling programme at Productora comprises a substantial 5,000m diamond drilling programme being directed towards the inferred component of the existing central area resource. The diamond (DD) drilling programme aims to achieve two objectives in 2012, namely:

1. Up-grade the inferred component of the existing resource to an indicated classification, and
2. More accurately assess grade distribution within the inferred component of the resource by utilising larger diamond core sample size.

Following a review of the central resource estimate released in September 2011 (**85.1Mt grading 0.6% copper, 0.1g/t gold and 146ppm molybdenum for 483,000 tonnes of copper, 290,000 ounces of gold and 12,418 tonnes of molybdenum**), the company implemented larger diamond core sample size for the second phase of drilling assessment over the central resource. Initial DD drilling using a smaller half core sampling methodology reported poor copper grade reconciliation in comparison to Reverse Circulation (RC) assay results within the resource. This analysis identified that the grade of the first resource estimation may have potentially been underestimated.

**Analysis of results from the first five diamond holes completed indicates a better grade reconciliation with the upper, higher copper grade, indicated component of the resource.** Importantly, significant intersections from this drilling have been recorded in expected positions within the resource, providing increased confidence in the vertical continuity of the resource. In addition, broad zones of higher grade molybdenum have been intersected in the majority of new diamond drill holes.

The company will prepare a revision to the central area resource upon completion of the second phase diamond drilling programme. This is expected to be announced in parallel with a major resource up-grade for Productora in the third quarter of 2012.



## **Productora Drilling Up-date**

A major 70,000m second phase RC and DD drilling programme commenced at Productora in October 2011 and recommenced last week, following a month break over the Christmas period. The programme aims to rapidly assess resource potential adjacent to, along strike and at depth to the central area resource.

In addition to the two multi-purpose drill rigs in operation, **a third drill rig has been secured to ensure the diamond drill programme continues.** The third drill rig is expected to be in operation in the coming weeks, allowing the company the flexibility to focus two dedicated RC drill rigs on the extensional assessment of the larger Productora deposit.

**Assay results from a significant extensional RC drilling programme along the northern extents of the Productora deposit footprint are currently being compiled and are expected to be released shortly.**

**Drilling has now commenced on the southern extensions to the Productora resource.**

**The directors look forward to reporting more drilling and development study up-dates as the company advances its fully funded 2012 development plan for the Productora copper project.**

**For more information please contact:**

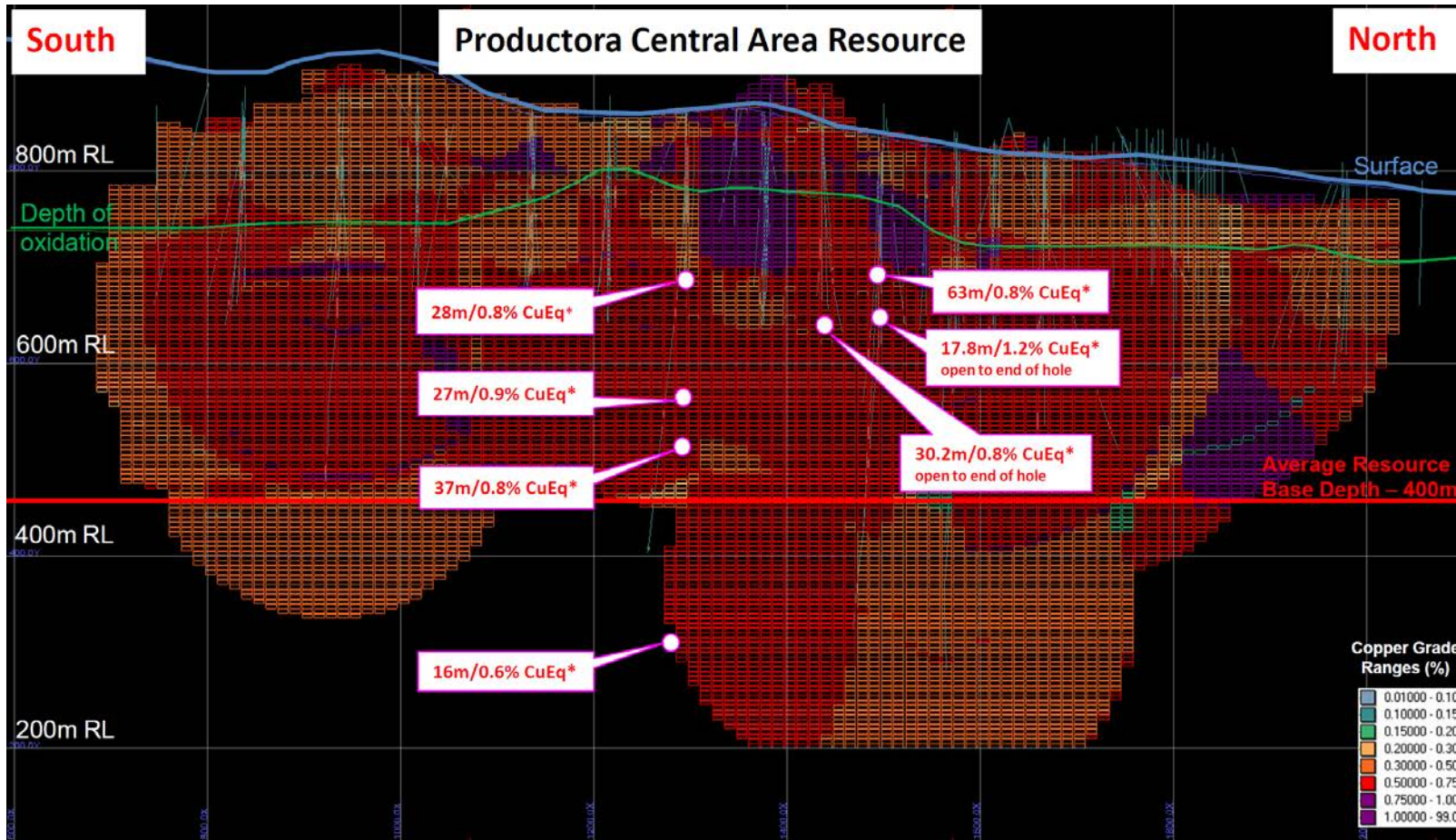
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**New Significant Diamond Drilling Intersections at the Productora Central Area Resource.**





### Productora Resource- New Significant Drilling Intersections

Hole_ID	Coordinates		Azim.	Dip	Intersection		Interval (m)	Copper (% Cu)	Gold (g/t Au)	Molybdenum (ppm Mo)	Copper Eq* (% Cu)	Comments
	North	East			From	To						
PRP0028D	6822302	323553	90	-60	236	246	10	0.6	0.1	299	0.9	
	open to end of hole				253	283.2	<b>30.2</b>	<b>0.6</b>	<b>0.1</b>	<b>131</b>	<b>0.8</b>	
			<i>including</i>		258	279	<b>21</b>	<b>0.8</b>	<b>0.2</b>	<b>77</b>	<b>0.9</b>	
PRP0069D	6822143	323436	90	-60	183	211	<b>28</b>	<b>0.5</b>	<b>0.1</b>	<b>398</b>	<b>0.8</b>	
					271	298	<b>27</b>	<b>0.5</b>	<b>0.1</b>	<b>520</b>	<b>0.9</b>	
					343	380	<b>37</b>	<b>0.4</b>	<b>0.1</b>	<b>389</b>	<b>0.8</b>	
					614	630	16	0.5	0.1	94	0.6	
PRP0073D	6822305	323400	90	-60	191	199	8	0.4	0.1	431	0.8	
					205	212	7	0.4	0.0	274	0.6	
					418	423	5	0.5	0.1	375	0.9	
PRP0081D	6822366	323476	90	-60	137	161	24	0.7	0.1	358	1.0	Original RC
					161	200	39	0.5	0.1	133	0.7	DD extension
					137	200	<b>63</b>	<b>0.6</b>	<b>0.1</b>	<b>219</b>	<b>0.8</b>	Final intercept
PRP0082D	6822364	323549	90	-60	212	223	11	0.6	0.1	243	0.9	
	open to end of hole				238	255.8	<b>17.8</b>	<b>0.8</b>	<b>0.2</b>	<b>308</b>	<b>1.2</b>	

**Note:**

- All drill holes with pre-fix "PRP" are reverse circulation (RC) and all drill holes with suffix "D" are diamond holes.
- Results comprise ICP analysis (ME-ICP61) of all 1m whole core samples; 1m selective riffle split samples and 4m composite samples.
- Priority AAS analysis (CU-AA62 ore grade analysis) results were utilised where analysis was undertaken for copper results greater than 1.0%.
- Priority MS analysis (ME-MS61) results were utilised where analysis was undertaken for uranium results greater than 50ppm.
- Gold analysis only undertaken over copper results greater than 0.2%. All gold results comprise ICP analysis (Au-ICP21). Gold significant intersections may in some instances represent the average of gold results within the zone of intersection. In these instances generally gold analysis has been undertaken over 90 percent of the samples taken within the length of the intersection.
- All results were analysed by ALS Chemex (La Serena) laboratories.



## Productora Copper-Gold-Molybdenum Project

The Productora project is Hot Chili's flagship project in Chile. The project is located 15km south of the township of Vallenar, at low altitude (less than 1,000m) in Chile's 3rd region. Since drilling commenced in August 2010, the Company has outlined a large-scale, bulk tonnage copper-gold-molybdenum project amenable to open pit mining. In September 2011, the Company defined its first resource estimate from within the central 1.4km extent of the project, reporting a JORC compliant resource of 85.1Mt grading 0.6% copper, 0.1g/t gold and 146ppm molybdenum (0.8% copper equivalent) for 483,000 tonnes of copper, 290,000 ounces of gold, 12,418 tonnes of molybdenum (644,000 tonnes of copper equivalent).

Significant exploration has outlined a 9.5km deposit footprint at Productora where extensional drilling by Hot Chili and previous explorer Teck has already confirmed significant drilling intersections over 3.7km strike extent. The Company has commenced a major second-phase drilling programme to achieve rapid resource growth and is planning to fast-track a decision to mine by late December 2013. Preliminary economic benchmarking has indicated robust economics for a potential future open-pit operation ideally located to existing infrastructure including the PanAmerican Highway, rail, power and port (40km distance) as shown on Figure 1.

The Company formally commenced a scoping study over Productora in early January 2012. Leading engineering and project development group AUSENCO have been appointed to manage the scoping study with the assistance of Hot Chili's own development study management team.

The Company is aiming to establish a significant resource base at Productora from an identified 280 – 320M tonne target mineralisation at similar grade to that estimated in the first resource announced from the centre of the project. The Productora target mineralisation is summarised in Table 1 below.

**Table 1 Productora Target Mineralisation**

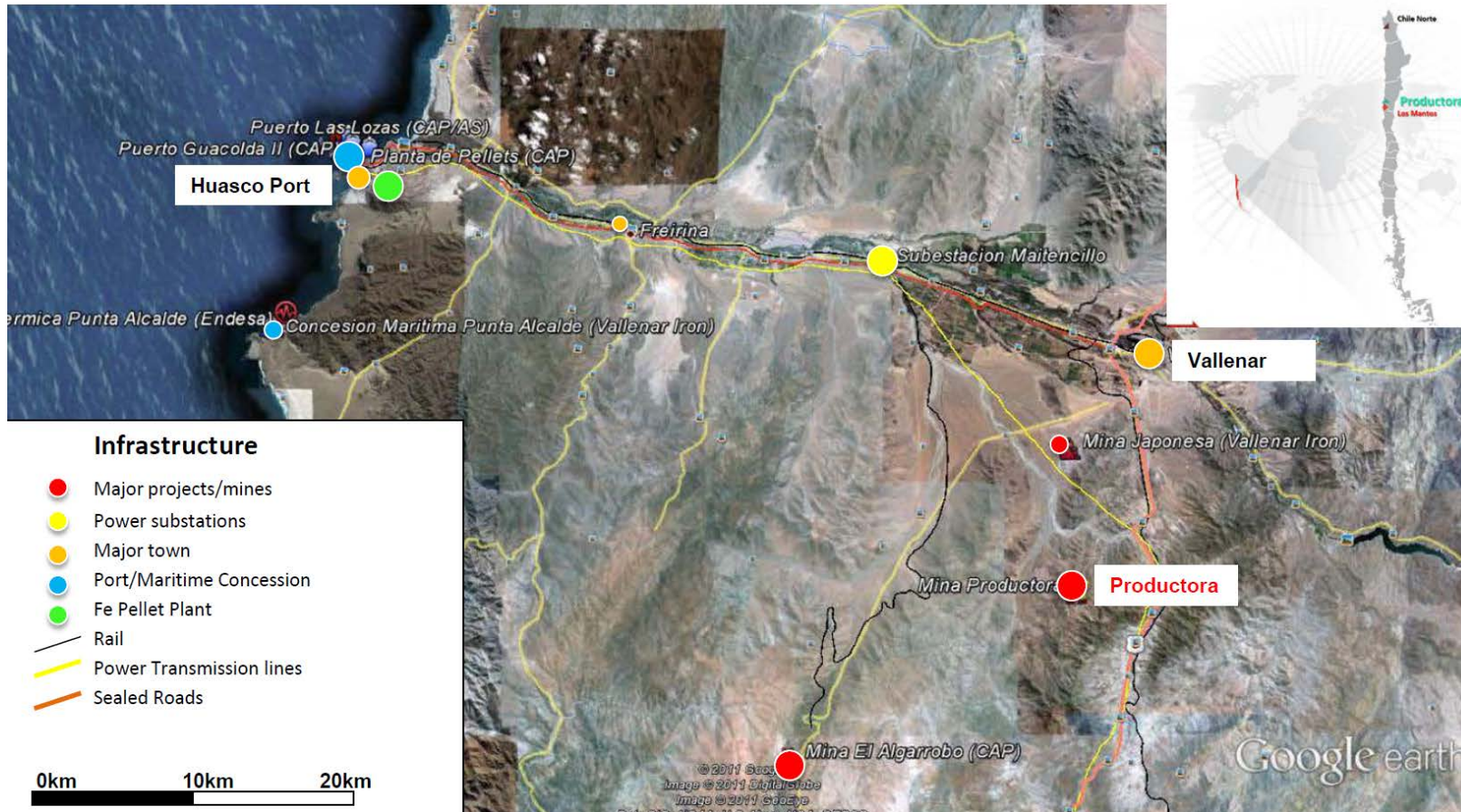
Productora Target Mineralisation								
	Tonnage (Mt)		Grade			Contained Metal		
	From	To	Unit	From	To	Unit	From	To
<b>Copper</b>	280	320	%	0.5	0.7	Tonnes	1,400,000	2,240,000
<b>Gold</b>	280	320	(g/t)	0.1	0.2	Ounces	900,223	2,057,653
<b>Molybdenum</b>	280	320	(g/t)	120	180	Tonnes	33,600	57,600
<b>Copper Eq*</b>	280	320	%	0.7	1.0	Tonnes	1,876,000	3,168,000

*References to exploration target size and target mineralisation in this announcement are conceptual in nature and should not be construed as indicating the existence of a JORC Code compliant mineral resource. Target mineralisation is based on projections of established grade ranges over appropriate widths and strike lengths having regard for geological considerations including mineralisation style, specific gravity and expected mineralisation continuity as determined by qualified geological assessment. There is insufficient information to establish whether further exploration will result in the determination of a mineral resource within the meaning of the JORC Code*



**Figure1. Productora Infrastructure Location**

- 40km distance to Huasco Port (Controlled by CAP/CMP- HCH project partner)
- 15km south of township of Vallenar
- Linked adjacent to PanAmerican Hwy, CMP rail corridor to Port and near-by power stations





**\* Copper Equivalent Calculation**

Copper Equivalent (also Cu Eq\*) Calculation represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent copper percentage. These results are exploration results only and no allowance is made for recovery losses that may occur should mining eventually result. However it is the Company’s opinion that elements considered here have a reasonable potential to be recovered as evidenced in similar multi-commodity natured mines elsewhere in the world. Copper equivalent conversion factors and long-term price assumptions used follow:

Copper Equivalent Formula= Cu % + Mo(ppm)x0.0008 + Au(ppm)x0.6832

Price Assumptions- Cu (US\$1.80/lb), Mo (US\$15/lb), Au (US\$850/oz)

**Target Mineralisation**

References to exploration target size and target mineralisation in this announcement are conceptual in nature and should not be construed as indicating the existence of a JORC Code compliant mineral resource. Target mineralisation is based on projections of established grade ranges over appropriate widths and strike lengths having regard for geological considerations including mineralisation style, specific gravity and expected mineralisation continuity as determined by qualified geological assessment. There is insufficient information to establish whether further exploration will result in the determination of a mineral resource within the meaning of the JORC Code

**JORC Compliant Resource Statement- Reported 7<sup>th</sup> September 2011**

Category	Tonnage (Mt)	Grade(>0.3%Cu)				ContainedMetal(>0.3%Cu)			
		Copper %	Gold (g/t)	Molybdenum (g/t)	Copper Eq* %	Copper (Kt)	Gold (KOz)	Molybdenum (Tonnes)	Copper Eq* (Kt)
<b>Indicated</b>	31.1	0.6	0.1	159	0.8	185	110	4,942	248
<b>Inferred</b>	54.0	0.6	0.1	138	0.7	298	180	7,476	395
<b>Total</b>	<b>85.1</b>	<b>0.6</b>	<b>0.1</b>	<b>146</b>	<b>0.8</b>	<b>483</b>	<b>290</b>	<b>12,418</b>	<b>644</b>

Note: Figures in the above table are rounded to one significant figure in accordance with Australian JORC code 2004 guidance on mineral resource reporting.

**Competent Person’s Statement- Exploration Reporting**

Information in this announcement that relates to exploration results and mineralisation is based on information compiled by Mr Christian Easterday, a Director, who is a Member of The Australian Institute of Geoscientists. Mr Easterday has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a ‘Competent Person’ as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ (the JORC Code). Mr Easterday consents to the inclusion in this presentation of the statements based on his information in the form and context in which they appear.

**Competent Person’s Statement- Resource Reporting**

Information in this announcement relating to mineral resources is based on information compiled by Mr. Alfred Gillman, a Fellow of the Australian Institute of Mining and Metallurgy (CP). Mr. Gillman is an independent resource consultant and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC code 2004). Mr. Gillman consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.