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## ASX ANNOUNCEMENT

Tuesday 10th July 2012

# Hot Chili to Earn Major Interest in Two New Copper Projects in Chile

### **New Projects Bolster Growth Pipeline Aimed at Building a Major Copper Production Hub Around Productora**

- **Both projects share Infrastructure and low altitude advantage.**
- **Banderas Project- Five year option agreements to acquire 100% and 65% interests in 7,156ha, 50km north of Productora**
- **Frontera Project- Purchase option agreement to acquire 100% interest in 270ha, 70km south of Productora**
- **Selected from numerous Chilean coastal range projects within development distance of Productora assessed over an 18 month period.**

Following on from last week's announcement that Hot Chili (ASX: HCH) has signed a key Infrastructure Letter of Intent with Chilean iron ore major Compañía Minera del Pacífico S.A. (CMP), the company is pleased to confirm further progress towards establishing Productora as a future operating centre leveraged toward copper production growth.

Hot Chili has executed several agreements to acquire major interests in two new Chilean coastal range copper projects. Both projects lie at low altitude (< 1,000m elevation), within development distance of Productora.

Further announcements are expected over the coming months ahead as Hot Chili completes a second phase of project acquisitions in Chile aimed at strengthening its growth pipeline around an operating centre at Productora.

### ASX Code

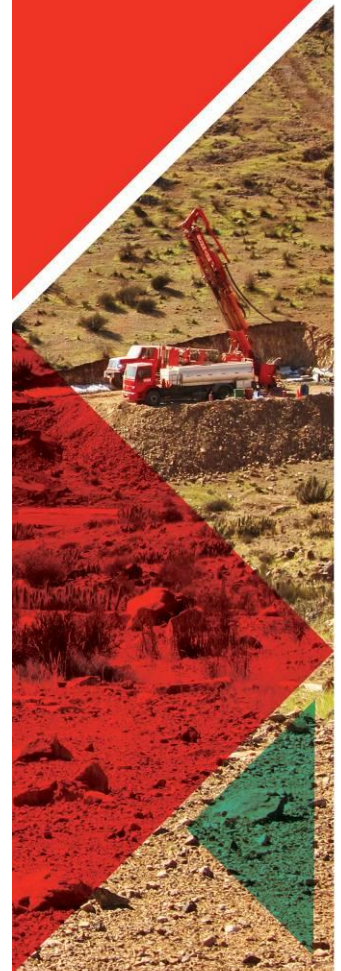
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## Productora Operating Centre

Within the coming years, Hot Chili aims to grow towards 150,000 tonnes of potential annualised copper production. This target is planned to be met by developing further production sources from near-to-hand, projects in the vicinity of its flagship Productora copper project.

Hot Chili's funds are being primarily focussed towards fast-tracking the Productora copper project towards a decision to mine in late 2013. In parallel, over the past 18 months, Hot Chili have reviewed several Chilean coastal range copper projects within development distance of Productora. These reviews identified the Banderas and Frontera projects as exploration prospects that could be progressed quickly towards resource development given continued exploration success.

Exploration programmes at each of the new projects will be planned for 2013 in conjunction with Hot Chili's other advanced exploration projects at Los Mantos (240km south of Productora) and Chile Norte (northern Chile). Hot Chili intends to more efficiently focus its future exploration efforts towards an operating centre within the third and fourth regions of Chile as shown in Figure 1.

Any future infrastructure associated with the Productora project may have a positive impact on the company's ability to commercialise nearby copper production expansion opportunities.



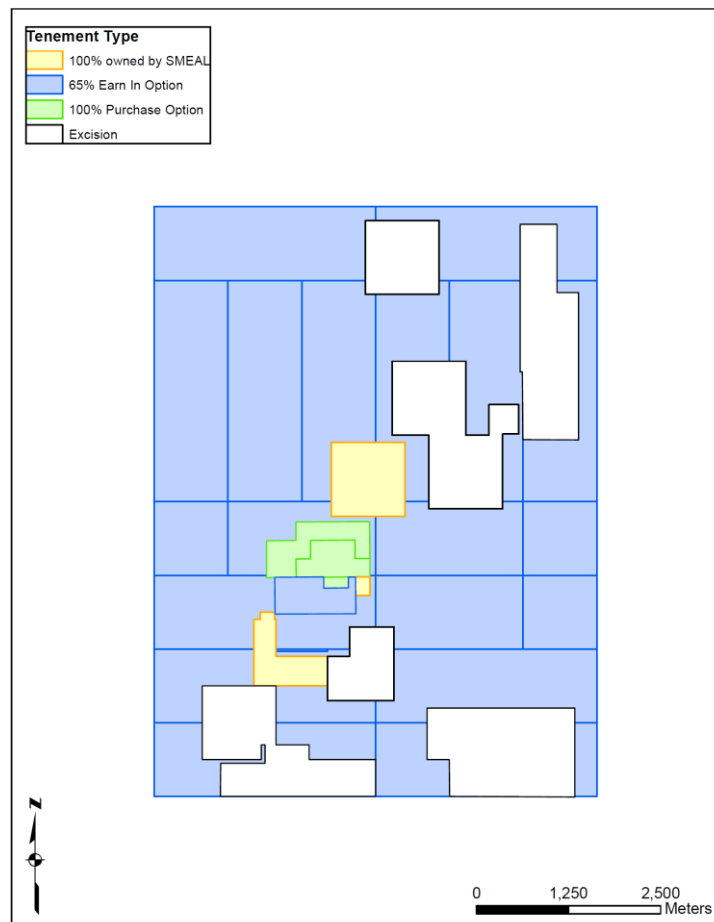
Figure 1. Location of new projects in the III and IV Regions of Chile.



## Banderas Project

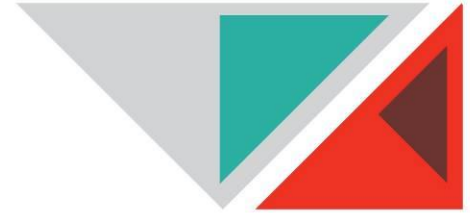
The Banderas project is located at low altitude (<1,000m) approximately 50km north of Hot Chili's Productora project, adjacent to the Pan American highway in Region III of Chile. The project is at an early exploration stage and has seen some historical, small-scale, copper mining within an extensive, large-scale alteration system.

Sociedad Minera El Aguila (SMEAL- Hot Chili's wholly owned Chilean subsidiary) has entered into several option agreements to purchase 65% and 100% interests in each of the mining exploitation and exploration concessions at the Banderas project owned by a number of private Chilean individuals. The project landholding is summarised on Figure 2 below.



**Figure 2. SMEAL's interests in the Banderas Project landholding**

The option exercise period for each of the 65% purchase-option agreements is five years, while the exercise period for the 100% purchase-option agreement is four years. The option agreements give SMEAL the right to undertake exploration during this period given yearly instalments are maintained. The table below summarises the purchase price schedule for various interests in the project.



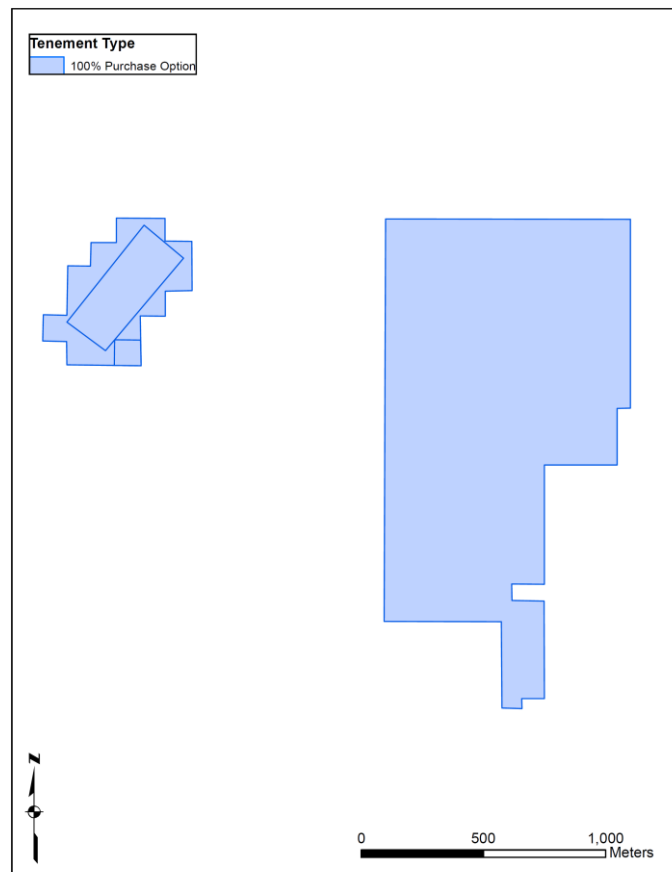
**Table 1. Summary of Banderas Option Agreements**

SMEAL Interest	Owners Interest	Concessions	Hectares	Option Purchase Price Annual Instalments						
				Execution	1st Year	2nd Year	3rd year	4th Year	5th year	Total
65	35	26	6,894	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$540,000
100	0	2	105	\$42,000	\$42,000	\$42,000	\$70,000	\$284,000		\$480,000
				<b>\$132,000</b>	<b>\$132,000</b>	<b>\$132,000</b>	<b>\$160,000</b>	<b>\$374,000</b>	<b>\$90,000</b>	<b>\$1,020,000</b>

In addition, SMEAL has constituted its own 100% concessions at the project over some 157ha of land.

**Frontera Project**

The Frontera project lies 70km directly south of Productora in Region IV of Chile. Frontera is a relatively advanced exploration stage project with some historical drilling and a small-scale, historical, copper-oxide open pit within the project. The 270ha landholding is summarised on Figure 3.



**Figure 3. Frontera project landholding**



SMEAL has entered into a 30 month, 100% purchase-option agreement with private Chilean company Compañía Minera Taruca SCM. The agreement has been executed with a US\$600,000 payment. Future outstanding payments include US\$300,000 due in 18 months and a final purchase price of US\$5,000,000 due 12 months later. In addition, SMEAL has committed to complete 10,000m of drilling at the project within the first 24 month period.

**The directors look forward to announcing further land acquisitions in the coming months to complement the company's strategy of building a rapidly emerging mid-tier copper producer within the highly sought after Chilean copper sector.**

**For more information please contact:**

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#### **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.