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ASX ANNOUNCEMENT

Tuesday 17th July 2012

Hot Chili Completes Consolidation of Productora Copper Project, Chile

Last Critical Lease Secured at Productora

- Notification of successful bid for the Uranio 1 to70 lease (Lease) in a public auction held by the Chilean Commission for Nuclear Energy (CCHEN).
- The lease represents the addition of a critical 1.2km portion within the centre of the Productora copper project.
- 30 year, 100% lease agreement for exploration and exploitation being formally prepared with CCHEN.
- Preparations underway to commence drilling over identified direct extensions to the Productora central resource within the Lease.

In one of the most significant milestones achieved to date, Hot Chili (ASX:HCH) is pleased to announce that it has secured the last critical lease within the centre of its flagship Productora copper project in Chile.

Hot Chili has been notified that it has been successful in a public bidding process for the Uranio 1 to 70 lease, owned by the Chilean Commission for Nuclear Energy (CCHEN).

The successful bid marks the end of over four years of consolidation efforts and opens the door for the optimal development of a potential, large-scale, central pit at Productora.

The addition of the Lease provides a significant boost to the Company's current resource growth and development activities aimed at fast-tracking a decision to mine on one of Chile's fastest emerging, major, coastal-range, copper developments.

ASX Code

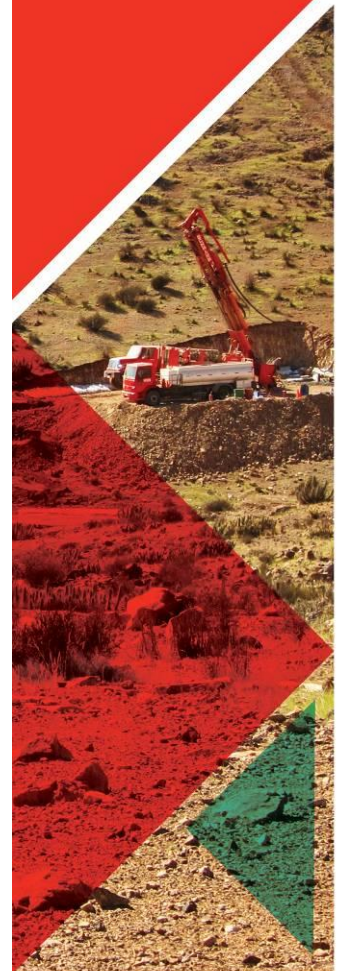
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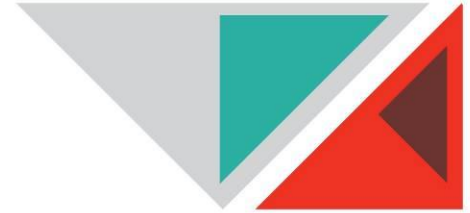
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Uranio 1 to 70 Lease - Importance for the Productora Copper Project

The Uranio 1 to 70 lease lies within the centre of the Hot Chili’s flagship Productora copper project, forming an encircling landholding around the Company’s existing JORC compliant central resource (85.1Mt grading 0.6% copper, 0.1g/t gold and 146ppm molybdenum).

The Lease represents the last critical portion of the central resource development area to be consolidated and adds a further 1.2km of strike length to the project.

Importantly, the central resource has been proven to extend through the Lease area with historical drilling completed by General Minerals (GMC) and Teck recording their widest drilling intersections at the project during the late 1990’s. Historical GMC/Teck drilling intercepts directly north and south of the central resource and within the new Lease shown in Table 1 below.

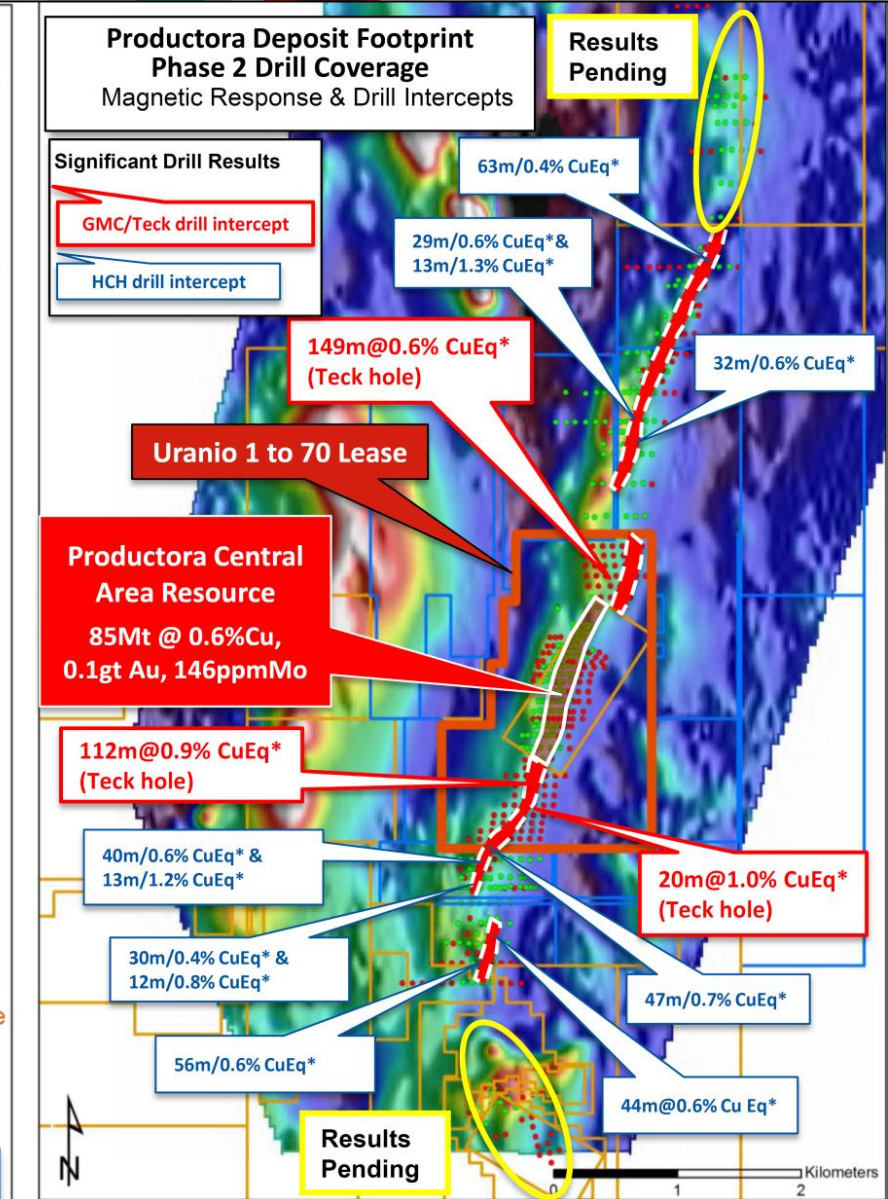
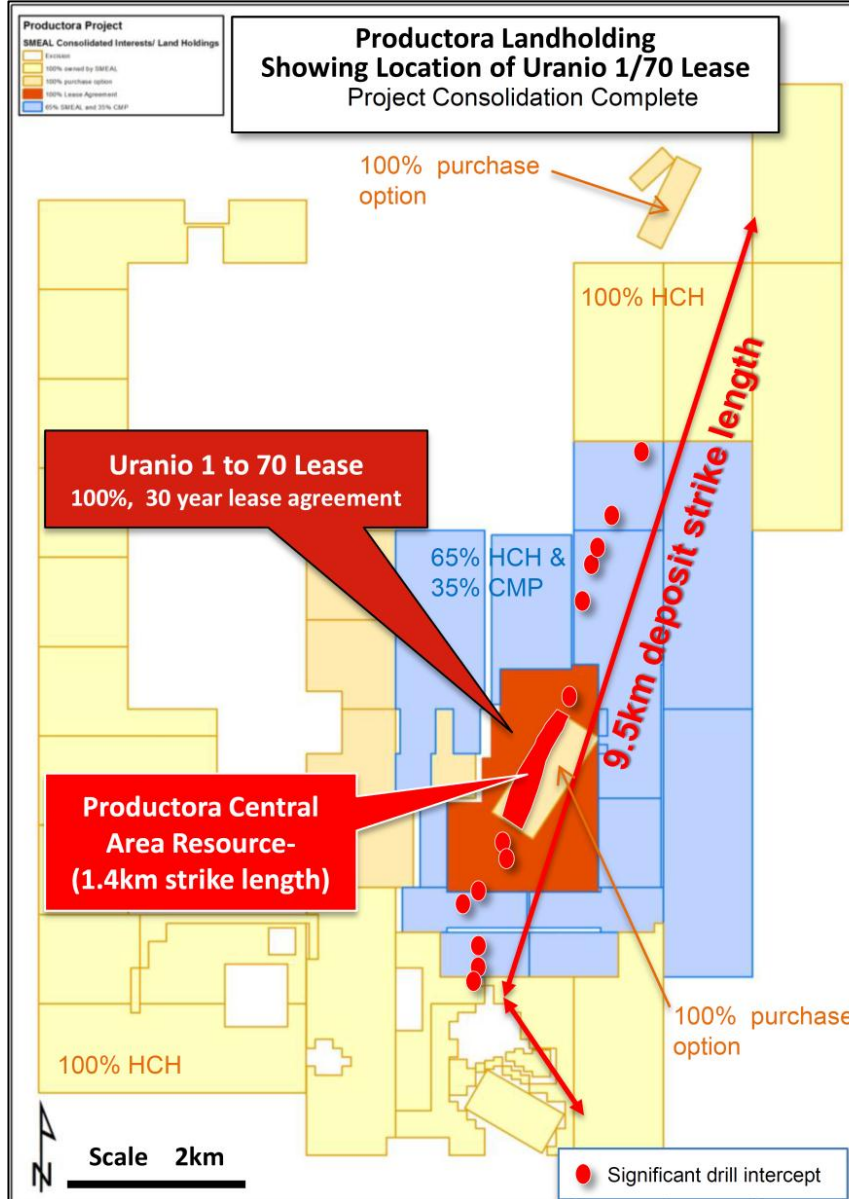
Table 1: Historical significant drilling intersections within the Uranio 1 to 70 lease

Company	Hole	From	To	Width (m)	Copper %	Gold g/t	Molybdenum ppm	Cu Eq* %	Reference
GMC	PR-9	72	102	30	0.5	0.1	60	0.6	GMC Announcement to TSX, May 19 1999
		102	214	112	0.7	0.1	160	0.9	
	<i>including</i>	102	130	28	1.0	0.1	260	1.3	
GMC	PR-11	190	210	20	0.8	0.3	30	1.0	GMC Announcement to TSX, May 19 1999
GMC	PR13	158	200	42	0.3	0.0	160	0.5	GMC Announcement to TSX, April 20 2001
		200	349	149	0.4	0.1	90	0.6	
	<i>including</i>	328	349	21	0.7	0.2		0.9	End of hole intercept. Hole finishes in 0.78% copper grade

Hot Chili has commenced design of a new drilling programme to assess direct extensions to the central resource within the newly secured Lease. Given the existing drill confirmation and the identification of the remaining strike extensions north and south of the Lease, the company is confident of rapidly defining a significant addition to its resource inventory. Clearing of drilling platforms and site preparation will take place once all access has been confirmed in consultation and cooperation with CCHEN.

The addition of this final Lease to the Productora project allows the Company to consider a large central pit option within its current development study plan. Hot Chili is now well positioned to maximise the size and life of any potential future copper operation at the Productora project.

The Lease and its position in relation to drilling and planned surface development lay-out is shown in Figures 1 and 2 below.



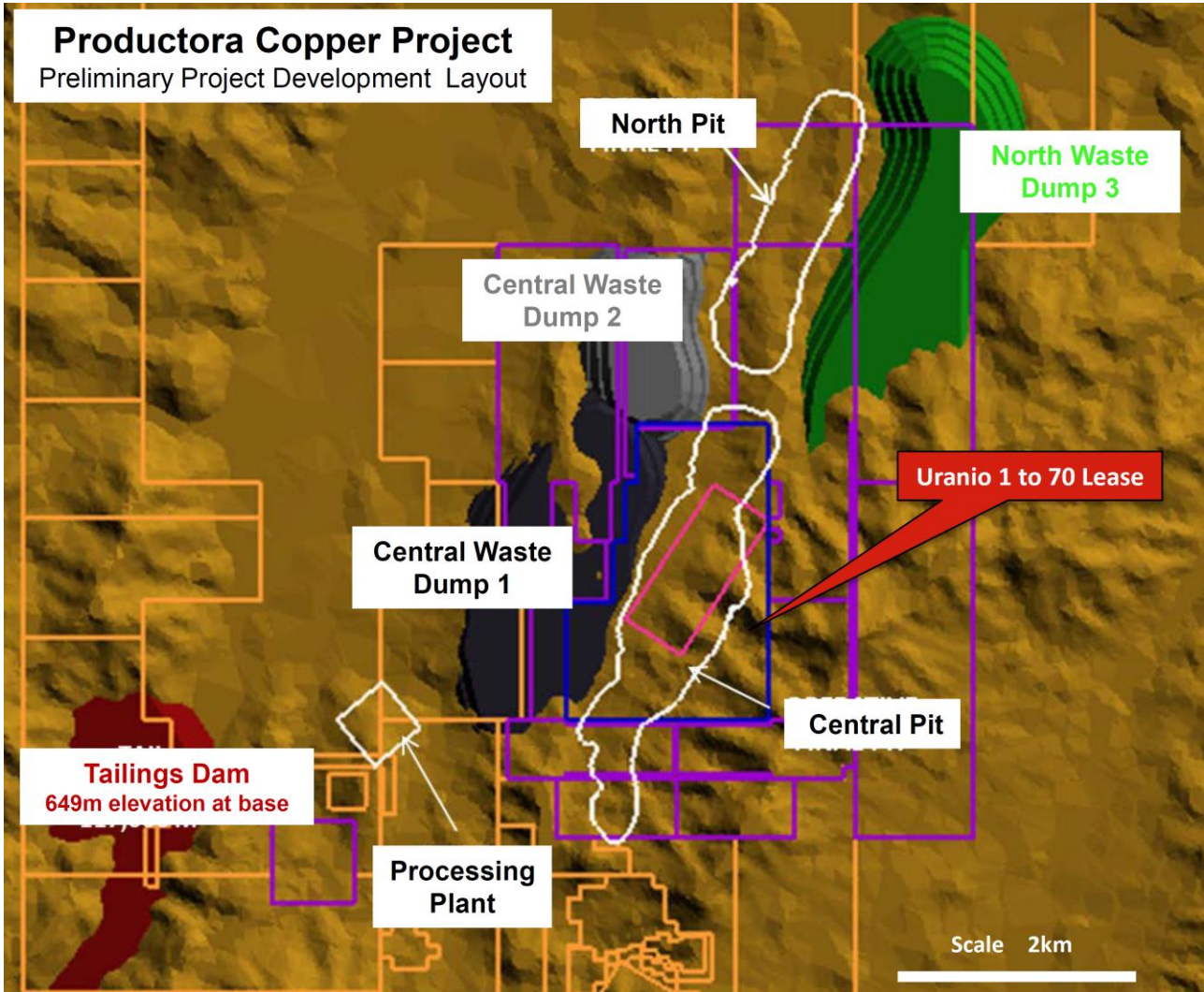


Figure 2. Preliminary project development lay-out for the Productora copper project

Successful Bid Conditions- 100% Exploration and Exploitation Lease Agreement for 30 years

In April 2012, CCHEN commenced a public bidding process for a long-term lease agreement over the Uranio 1 to 70 lease located within the centre of the Company's Productora project in Chile. Hot Chili, through its 100% owned Chilean subsidiary Sociedad Minera El Aguila (SMEAL), submitted a bid for the Lease on June 18th. The public bid was held under specific minimum bidding conditions which Hot Chili was able to satisfy given that it already had a consolidated project position and was at an advanced development phase at the Productora project. .

Hot Chili has now been officially notified that it has been successful in its bid for the Uranio 1 to 70 lease. A contract reflecting the terms of the successful bid is currently being prepared by CCHEN before final notarisation and inscription against the deed to the Lease. The Company will also be applying to CCHEN for an early access waiver to allow immediate commencement of drilling activities within the Lease.



The successful bid conditions which will be applied to the lease agreement are as follows:

1. 5 years term lease agreement, renewable for periods of 5 years with a maximum of 30 years.
2. Minimum rent of US\$ 100,000 per year during the exploration period.
3. Minimum exploration commitment of US\$ 6,000,000 during the exploration phase.
4. Minimum rent of US\$ 250,000 per year during exploitation or after the first 5 years of the lease agreement.
5. After the first 5 years of the lease agreement or upon beginning of the exploitation phase if this situation happens before, the following minimum Net Smelter Royalty (NSR) shall be charged:
 - a/ 2% over all metals different from gold.
 - b/ 4% over gold.
 - c/ 5% over non-metallic.
6. All of the above are calculated over effective mineral sold.
7. Every 5 years the parties may re negotiate the value of the NSR up or down to 50% of their value.

Securing the Uranio 1 to 70 lease has been a key goal for Hot Chili since it commenced project consolidation activities at Productora over four years ago. Notification of the Company's successful bid for this Lease is therefore considered to be a major milestone for Hot Chili.

This, in conjunction with the company's recent announcement regarding the execution of two letters of intent for joint infrastructure and an iron option with Chilean iron ore major Compañía Minera del Pacífico S.A. (CMP), represent major steps forward for the Productora copper project development plan.

The Directors look forward to the commencement of drilling activities within the Lease as soon as possible to fast-track the expansion of the central resource and facilitate an optimal central pit development option for this emerging mid-tier Chilean copper project.

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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 5.7km strike extent so far. 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 3.

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
Copper	280	320	%	0.5	0.7	Tonnes	1,400,000	2,240,000
Gold	280	320	(g/t)	0.1	0.2	Ounces	900,223	2,057,653
Molybdenum	280	320	(g/t)	120	180	Tonnes	33,600	57,600
Copper Eq*	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



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= $Cu \% + Mo(ppm) \times 0.0008 + Au(ppm) \times 0.6832$

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

Target Mineralisation

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JORC Compliant Resource Statement- Reported 7th 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)
Indicated	31.1	0.6	0.1	159	0.8	185	110	4,942	248
Inferred	54.0	0.6	0.1	138	0.7	298	180	7,476	395
Total	85.1	0.6	0.1	146	0.8	483	290	12,418	644

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.