



Hot Chili Limited ACN 130 955 725

First Floor, 768 Canning Highway, Applecross, Western Australia 6153

PO Box 1725, Applecross, 6953, Western Australia

P: +61 8 9315 9009

F: +61 8 9315 5004

ASX ANNOUNCEMENT

Monday 15th June 2015

Hot Chili Raises A\$8.1m via Placement

Major shareholders, including strategic partner CAP, underpin placement - ensuring Productora PFS will be completed with no additional debt

- Hot Chili raises A\$8.1m at A\$0.12 per share via placement to major shareholders
- CAP, the parent company of Compañía Minera del Pacífico S.A. (CMP), the Chilean resources major and Hot Chili's JV partner at the Productora copper project, are participating in the placement
- Other major shareholders, including Taurus, affiliates of Sprott Inc and Megeve Investments, also take part
- Proceeds will be used to complete Productora Pre-feasibility Study (PFS) and additional drilling at Alice
- The placement means Hot Chili will not need to draw down remaining US\$8.5m of its credit facility with Sprott Resource Lending Partnership (Sprott Facility) to complete PFS and drilling
- Balance on Sprott Facility will remain at US\$10m. Repayment deadline extended by 12 months to 30 June 2016
- PFS on track for completion this calendar year, triggering US\$26m tranche 1 payment should CMP exercise option to increase its stake in Productora from 17.5% to 50.1% for a price of US\$ 80 m to US\$110 m.
- Drilling results from Alice copper porphyry deposit imminent

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ASX Code

HCH

Contact

Mr Christian Easterday
Managing Director

E: admin@hotchili.net.au

www.hotchili.net.au





Hot Chili Limited (ASX Code: HCH) is pleased to announce that it has raised A\$8.1 million through a placement at 12c per share to its major shareholders.

Seven of Hot Chili's 10 largest shareholders have subscribed to the placement. These include CAP, the parent company of Compañía Minera del Pacífico S.A. (CMP), the Chilean resources major and Hot Chili's joint venture partner at Productora.

Blue Spec Sondajes Chile SpA (Blue Spec), a drilling company associated with Hot Chili Chairman Murray Black, has agreed to subscribe for A\$2.6 million in the raising, equating to a 5 per cent stake in the Company. The placement of stock to Blue Spec is subject to shareholder approval at a meeting to be scheduled in coming weeks.

Other major shareholders which have subscribed to the placement include, Taurus Funds Management, Exploration Capital Partners 2008 LP (affiliate of Sprott Inc.) and Megeve Investments.

The price of the placement is in line with Hot Chili's 20-day VWAP of 12.3c.

The raising will enable Hot Chili to complete the PFS on its Productora copper project in Chile without increasing its debt, allowing the Company to maintain a strong financial position.

Importantly, the completion of the PFS will trigger a US\$26 million payment to Hot Chili from CMP (CAP: 75 per cent, Mitsubishi 25 per cent). This will represent Tranche 1 of CMP's agreed payment to Hot Chili should it exercise its option to increase its stake in Productora from its current level of 17.5 per cent to 50.1 per cent at that time.

The agreed total price for exercising this option is between US\$80 million and US\$110 million, with the final figure to be determined by an independent valuation following completion of the Productora PFS.

The remaining amount of the option agreement will be payable in Tranche 2 upon completion of the Definitive Feasibility Study (DFS) on Productora (see separate ASX announcement re Notice of Meeting and Independent Expert's Report dated 19th March, 2015).

The raising means Hot Chili will not require drawing down the remaining US\$8.5 million available under the credit facility provided to it by Sprott Resource Lending Partnership.

Instead, the Sprott Facility, which is currently drawn down by US\$10 million, will give Hot Chili funding options, including for drilling, should the results of the current exploration program at the Alice copper porphyry deposit warrant an expansion of the campaign.

Hot Chili is pleased to confirm that the Sprott Facility has been extended by 12 months and will now be fully repayable on or before 30th June 2016.



Hot Chili Managing Director Christian Easterday said the placement would ensure the Company was fully-funded through to the exercise of the first tranche of the CMP Option.

"This raising enables us to fund the PFS and current Alice porphyry drilling program without taking on additional debt," Mr Easterday said.

"This financial strength and the options it gives us are highly significant, given we are now underway with first drill testing of large-scale porphyry potential in the centre of our planned development.

"The support we have received from our major shareholders is a great vote of confidence in the outlook for Productora.

"We are particularly pleased that CAP has agreed to contribute to funding the completion of the PFS via the placement given that this milestone will pave the way for CMP to exercise its option over Productora."

Placement details

The placement will be undertaken in two tranches:

- The first tranche of the Placement comprises the issue of 45,477,367 million shares at a price of A\$0.12 per share to raise A\$5.5 million on an unconditional basis, to be made within the Company's 25% placement capacity ("Unconditional Placement"). The Unconditional Placement is expected to be completed on or before 19th June 2015.
- The second tranche of the Placement comprises the issue of 21,645,017 shares to Blue Spec Sondajes SpA to raise a further A\$2.6 million at A\$0.12 per share, and is subject to shareholder approval ("Conditional Placement"). Blue Spec Sondajes Chile SpA is a company associated with the Company's Chairman Murray Black and shareholder approval of the Conditional Placement is required for the purposes of the ASX listing rules. A general meeting of shareholders of the Company to approve the Conditional Placement will be convened as soon as practicable and, subject to shareholder approval, the Conditional Placement is expected to be completed in late July 2015.

Extension of Sprott Facility

Hot Chili is pleased to confirm that it has received approval to extend the maturity date of the current Sprott Facility by 12 months. The Sprott Facility will now be fully repayable on or before the 30th of June 2016.

As per the terms of the Sprott Facility, an extension fee of 5,246,590 fully paid ordinary shares in Hot Chili ("Extension Shares") will be issued to Sprott. The Extension Shares are expected to be issued on or around 26th June 2015.



At present, Hot Chili has drawn down US\$10 million against the Sprott Facility, with a remaining US\$8.5 million available to draw.

Update on Implementation of Joint Venture with CMP at Productora

Following approval of the CMP Transaction by Hot Chili's shareholders at the General Meeting held on 30th April 2015 (see ASX announcement dated 1st May 2015), Hot Chili and CMP have made significant progress towards fully implementing the joint venture over Productora. Specifically:

- CMP's Board has approved the CMP Transaction.
- CMP Productora (a special purpose subsidiary company of CMP) has been incorporated by CMP for the purposes of transferring the CMP assets related to the CMP Transaction, to be effected by a merger of CMP Productora with SMEA SpA (Hot Chili's subsidiary and owner of the Productora project) under the Merger Agreement.
- The Master, Shareholders, Option and Facility Agreements for the CMP Transaction have been executed.
- An independent financial audit of SMEA SpA's accounts is underway as the final requirement prior to execution of the Merger Agreement.
- Once the merger is complete, CMP will have a 17.5 per cent stake in SMEA Spa and all CMP Productora assets will be owned by SMEA Spa.
- An option fee of US\$1.5 million has been paid and will be made available by CMP on execution of the Merger Agreement, which is expected to occur in the coming weeks.

Update on Drilling at Alice Copper Porphyry Discovery

As announced to ASX on 28th May 2015, Hot Chili has commenced a 9,000m drilling programme over the Alice copper porphyry discovery, located 400m west of the planned central pit development at Productora.

The programme aims to achieve two outcomes in advance of the completion of the Productora PFS this year, namely:

- Define a first Mineral Resource and Ore Reserve for the initial Alice copper porphyry discovery area (for inclusion into the Productora PFS), and
- Test extensions of Alice and the larger potential of the recently identified +6km copper porphyry footprint (Alunite-silica lithocap).

The drilling is progressing well and it is expected that resource in-fill drilling of the initial discovery area will be complete within a week. Drilling will then target extensions to Alice and other high priority targets within the identified copper porphyry footprint at Productora.

First results from this drilling are expected to be received and compiled for release in the coming weeks.



For more information please contact:

Christian Easterday

Managing Director

+61 8 9315 9009

Email: christian@hotchili.net.au

or visit Hot Chili's website at www.hotchili.net.au



Qualifying Statements

JORC Compliant Ore Reserve Statement

Productora Open Pit Probable Ore Reserve Statement – Reported 31st March 2014

Ore Type	Category	Tonnage (Mt)	Grade			Contained Metal			Payable Metal		
			Copper	Gold	Molybdenum	Copper	Gold	Molybdenum	Copper	Gold	Molybdenum
			(%)	(g/t)	(ppm)	(tonnes)	(ounces)	(tonnes)	(tonnes)	(ounces)	(tonnes)
Transitional	Probable	10.2	0.54	0.10	128	55,000	34,000	1,300	27,000	13,000	1,000
Fresh	Probable	80.3	0.47	0.11	177	378,000	274,000	14,200	323,000	139,000	8,000
Total	Probable	90.5	0.48	0.11	172	433,000	308,000	15,500	350,000	152,000	9,000

Note 1: Figures in the above table are rounded, reported to two significant figures, and classified in accordance with the Australian JORC Code 2012 guidance on Mineral Resource and Ore Reserve reporting.

Note 2: Average recoveries applied to Probable Ore Reserve estimate are: Fresh Cu– 88.8%; Fresh Au - 65%; Fresh Mo - 60%, Transitional Cu- 50%, Transitional Au- 50% and Transitional Molybdenum- 50%. Payability factors applied for Cu- 96.5%, Au- 78% and Mo- 98%. The Probable Ore Reserve was estimated using price assumptions of US\$3.00/lb copper, US\$1,250/oz gold and US\$10/lb molybdenum and an exchange rate (AUD:USD) of 0.88.

JORC Compliant Mineral Resource Statements

Productora Mineral Resource Statement – Reported 31st March 2014

Classification (+0.25% Cu)	Tonnage (Mt)	Grade			Contained Metal		
		Copper	Gold	Molybdenum	Copper	Gold	Molybdenum
		(%)	(g/t)	(ppm)	(tonnes)	(ounces)	(tonnes)
Indicated	158.6	0.50	0.11	152	799,000	540,000	24,000
Inferred	55.6	0.41	0.08	97	229,000	133,000	5,000
Total	214.3	0.48	0.10	138	1,029,000	675,000	29,000

Note 1: Figures in the above table are rounded, reported to two significant figures, and classified in accordance with the Australian JORC Code 2012 guidance on Mineral Resource and Ore Reserve reporting.

Mineral Resource and Ore Reserve Confirmation

The information in this report that relates to Mineral Resources and Ore Reserve estimates on the Productora copper projects were originally reported in the ASX announcements “Maiden Ore Reserve at Productora Set for Strong Growth in 2014”, dated 31st March 2014. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.



Competent Person's Statement- *Exploration Results*

Exploration information in this announcement is based upon work undertaken by Mr Christian Easterday, the Managing Director and a full-time employee of Hot Chili Limited whom is a Member of the Australasian Institute of Geoscientists (AIG). Mr Easterday has sufficient experience that 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). Mr Easterday consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Competent Person's Statement- *Mineral Resources*

The information in this announcement that relates to the Productora Mineral Resource is based on information compiled by Mr J Lachlan Macdonald and Mr N Ingvar Kirchner. Mr Macdonald is a full-time employee of Hot Chili Ltd. Mr Macdonald is a Member of the Australasian Institute of Mining and Metallurgy. Mr Kirchner is employed by Coffey Mining Pty Ltd (Coffey). Coffey has been engaged on a fee for service basis to provide independent technical advice and final audit for the Productora Mineral Resource estimate. Mr Kirchner is a Fellow of the Australasian Institute of Mining and Metallurgy and is a Member of the Australian Institute of Geoscientists. Both Mr Macdonald and Mr Kirchner have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code 2012). Both Mr Macdonald and Mr Kirchner consent to the inclusion in the ASX announcements "Maiden Ore Reserve at Productora Set for Strong Growth in 2014", dated 31st March 2014 of the matters based on their information in the form and context in which it appears.

Competent Person's Statement- *Ore Reserves*

The information in this announcement that relates to Productora Ore Reserves is based on information compiled by Mr Carlos Guzmán who is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM), a Registered Member of the Chilean Mining Commission (RM- a 'Recognised Professional Organisation' within the meaning of the JORC Code 2012) and a full time employee of NCL Ingeniería y Construcción SpA. NCL has been engaged on a fee for service basis to provide independent technical advice and final audit for the Productora Ore Reserve estimate. Mr. Guzmán 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Guzmán consents to the inclusion in the ASX announcements "Maiden Ore Reserve at Productora Set for Strong Growth in 2014", dated 31st March 2014 of the matters based on their information in the form and context in which it appears.

Forward Looking Statements

This announcement contains "forward-looking statements". All statements other than those of historical facts included in this announcement are forward-looking statements including estimates of Mineral Resources. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, copper and other metals price volatility, currency fluctuations, increased production costs and variances in ore grade ore recovery rates from those assumed in mining plans, as well as political and operational risks and governmental regulation and judicial outcomes. The Company does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws. All persons should consider seeking appropriate professional advice in reviewing this announcement and all other information with respect to the Company and evaluating the business, financial performance and operations of the Company. Neither the provision of this announcement nor any information contained in this announcement or subsequently communicated to any person in connection with this announcement is, or should be taken as, constituting the giving of investment advice to any person.