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ASX ANNOUNCEMENT

Wednesday 12th June 2013

Hot Chili Signs Key Letter of Intent For Oxide Processing Option

*Treatment of previously excluded oxide ore could boost
upfront economics of Productora copper project*

Hot Chili (ASX: HCH) is pleased to announce that it has signed a Letter of Intent (LOI) to negotiate an oxide processing option with the Chilean national mining corporation Empresa Nacional de Minería (ENAMI).

The current Pre-feasibility study for Hot Chili's Productora copper project in Chile does not consider the possibility of processing the oxide material contained at the project.

However, Hot Chili believes the negotiation to be held under the LOI has the potential to enhance the upfront economics of Productora and generate substantial benefits for both companies and the local community.

Productora lies 15km south of the township of Vallenar, where ENAMI operates an oxide and sulphide processing facility for the treatment of copper ore materials from various small-scale copper miners.

Hot Chili and ENAMI intend to co-operate formally on technical studies and commence negotiation on the oxide processing option for Productora.

Productora Oxide Processing Letter of Intent

Sociedad Minera El Águila Limitada (Hot Chili's 100% owned Chilean subsidiary "SMEAL") and Empresa Nacional de Minería (ENAMI) have executed a non-binding Letter of Intent (LOI) to co-operate in the technical assessment and commencement of negotiation for an oxide processing option for the Productora copper project.

The resource at Productora currently stands at 165.2Mt grading 0.6% copper, 0.1g/t gold and 132g/t molybdenum containing 920,000 tonnes of copper, 590,000 ounces of gold and 22,000 tonnes of molybdenum. The oxide component of the resource stands at approximately 14.1Mt grading 0.6% copper and 0.1g/t gold and 93g/t molybdenum.

ASX Code

HCH

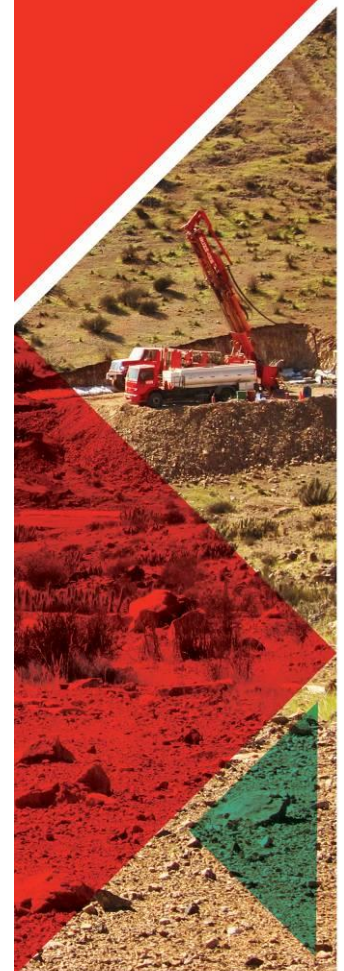
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Hot Chili's current Pre-feasibility Study for Productora does not consider the processing of oxide ore due to the dominantly sulphide nature of the deposit. Hot Chili had planned to pre-strip and stockpile the oxide material for future leach test-work and studies.

ENAMI's SX-EW oxide processing facility in Vallenar is currently producing approximately 300 tonnes of copper cathodes a year with plans to potentially expand processing capacity. Securing the oxide material from Productora is considered key to these expansion plans.

Potential benefits to Hot Chili from the treatment of Productora's oxide material would include additional revenue streams in the early years of development, reduction of start-up capital requirement and a reduction to overall strip ratios for future mining.

In addition, a Productora oxide processing option would assist in underpinning ENAMI's expansion planning for the processing facility, and generate additional local employment and flow-on community benefits to the town of Vallenar.

About Empresa Nacional de Minería (ENAMI).

Chilean state mining company ENAMI, headquartered in Santiago Chile, manages various mining interests, and refines and smelts copper from Chile's small- and medium-scale miners. Its main role is to promote Chile's small and midsize mining sector by carrying out toll milling and processing, and granting credit at favourable rates to companies.

ENAMI's assets include one smelter, five processing plants, purchasing agencies, and a network of technical support and technology transference facilities, focused on some 2,000 small size private sector producers of copper and precious metals.

ENAMI purchases ores and concentrates from small and medium scale producers, process them in the concentrating and SX-EW plants, and the smelter, and exports the proceeds as mainly cathodes and refined copper to international markets.

Hernán Videla Lira, also known as Paipote and located in northern region III, is ENAMI's largest smelting plant, producing close to 340,000t/y of fire refined copper in the form of anodes.

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* 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= $\text{Cu \%} + \text{Mo(ppm)} \times 0.0008 + \text{Au(ppm)} \times 0.6832$

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

JORC Compliant Resource Statement- Reported 13th February 2013

Classification	Resource Series (+0.3% Cu)	Tonnage	Grade				Contained Metal			
			Cu %	Au g/t	Mo g/t	Cu Eq* %	Copper (Tonnes)	Gold (Oz)	Molybdenum (Tonnes)	Copper Eq* (Tonnes)
INDICATED	Res Upgrade 1	39,400,000	0.6	0.1	124	0.8	230,000	150,000	5,000	310,000
	Central Resource	31,200,000	0.6	0.1	159	0.8	190,000	110,000	5,000	250,000
	Total	70,600,000	0.6	0.1	140	0.8	420,000	260,000	10,000	560,000
INFERRED	Res Upgrade 1	40,600,000	0.5	0.1	110	0.7	200,000	130,000	4,000	270,000
	Central Resource	54,000,000	0.6	0.1	138	0.7	300,000	180,000	8,000	400,000
	Total	94,600,000	0.5	0.1	126	0.7	500,000	310,000	12,000	670,000
TOTAL	Res Upgrade 1	80,000,000	0.5	0.1	117	0.7	440,000	290,000	9,000	580,000
	Central Resource	85,200,000	0.6	0.1	146	0.8	480,000	290,000	13,000	650,000
	Total	165,200,000	0.6	0.1	132	0.7	920,000	580,000	22,000	1,230,000

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

Competent Person's Statement

The information in this report that relates to the Central Mineral Resource, Productora is based on information compiled by Alf Gillman, who is a fellow of the Australasian Institute of Mining and Metallurgy. Alf Gillman is a director of Odessa Resources Pty Ltd, and has sufficient experience in mineral resource estimation, which is relevant to the style of mineralisation and type of deposit under consideration. He is qualified as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Alf Gillman consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information in this report that relates to Mineral Resource estimates outside of the Central Mineral Resource is based on information compiled by Aloysius Voortman and Fleur Muller. Aloysius Voortman is a Fellow of the Australasian Institute of Mining and Metallurgy, and Fleur Muller is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Aloysius Voortman is an employee of Coffey Mining, and Fleur Muller is an employee of Hot Chili Ltd, and both have sufficient experience in mineral resource estimation, which is relevant to the style of mineralisation and type of deposit under consideration. Mr Voortman and Mrs Muller are qualified as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Both Mr Voortman and Mrs Muller consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

