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DRAFT ASX ANNOUNCEMENT

Thursday 11th September 2014

Second drill rig to accelerate major drilling program at Productora

Expanded resource-reserve base will underpin completion of Productora Pre-feasibility Study

- Hot Chili has embarked on an extensive 33,000m drilling program at its flagship Productora copper project in Chile
- A second drill rig is due to commence within the coming days to accelerate drilling activities.
- Drilling aims to grow Ore Reserves and Mineral Resources significantly ahead of completion of the Productora Pre-feasibility study in the first half of CY2015
- First drill results are expected to be released shortly

Hot Chili (ASX: HCH) is pleased to advise that an extensive drilling program is now underway to grow Mineral Resources and Ore Reserves at its flagship Productora copper project in Chile.

Results from the drilling program, which comprises 25,000m of reverse circulation (RC) drilling and 8,000m of diamond (DD) drilling, will form a key part of the Pre-feasibility Study (PFS) which is on-track for completion in the first half of CY2015.

The initial drilling is focussing on a series of high-priority exploration targets within development distance of the Productora central pit area. A number of regional targets have also been prioritised for drill testing as part of the first exploration drilling undertaken at Productora for more than 18 months.

Drilling activities are now set to accelerate with the addition of a second drill rig and the commencement of diamond drilling.

ASX Code

HCH

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The start of the drilling program follows a series of key announcements by Hot Chili which have demonstrated the substantial progress being made in its strategy to develop a large, low-cost copper project at Productora.

These recent announcements have provided a strong foundation for the completion of the PFS, start of the Definitive Feasibility Study (DFS) next year, and a decision to mine in co-operation with project partner, Chilean resource major Compañía Minera del Pacífico S.A (CMP).

At present, Productora has a Mineral Resource estimate of over 1Mt of contained copper and 675,000oz of gold underpinning an initial mine life of nine years. The drilling program aims to boost Productora's Mineral Resource and Ore Reserve base in parallel with the completion of a robust PFS outcome set for release in the first half of 2015.

Hot Chili expects a strong flow of news from its drilling and PFS activities at Productora over the coming nine months.

Productora Drilling Program Details

The current drilling program is designed to test a series of high priority Ore Reserve growth targets and regional exploration targets that have been identified at Productora. A number of these targets have been identified using the Company's leading-edge predictive targeting model, responsible for the discoveries of the high-grade Habanero and Rocoto zones in the later stages of 2013.

One RC drill rig is in operation and second a drill rig is due to commence diamond drilling in the coming days. The addition of a second drill rig will now accelerate drilling activities in advance of a third drill rig being added later in the year.

RC drilling will be scheduled to assess all high-priority targets with first-pass drilling before prioritising specific targets for resource definition in-fill drilling. DD drilling will be used to support the RC drill coverage in deeper areas of the near-pit targets. In addition, metallurgical and geotechnical diamond drilling will also be completed in support of the PFS.

It is important to note that this program will include Hot Chili's first exploration drilling at Productora in 18 months. Since then, the Company has focussed its drilling on establishing an initial Ore Reserve within the central pit area of the project.

Hot Chili has invested significantly in developing its exploration targeting capability at Productora and the Company is confident in discovering additional resource growth potential within the larger Productora mineralised system.



Figure 1. Reverse circulation drilling underway at Productora, September 2014.

For more information please contact:

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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 Statement

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.