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ASX ANNOUNCEMENT Monday 12th October 2015

Major exploration breakthough identifies four large copper porphyry targets

Results highlight +6.5km-long porphyry footprint which could catapult Productora to a Tier-1 copper project

Hot Chili (ASX: HCH) is pleased to announce that a cutting-edge geophysical survey has identified four more large copper porphyry targets in a highly significant breakthrough which could transform its flagship Productora project in Chile into a Tier-1 copper asset.

The survey results show that these targets, which are in addition to the Alice copper porphyry deposit established at Productora late last year, are the likely sources of a +6.5km-long copper porphyry footprint previously identified at Productora.

Hot Chili Managing Director Christian Easterday said the latest results are considered exceptionally promising because they could lead to a significant increase in the copper inventory (currently 1Mt of copper and 675,000oz of gold) and therefore the production rate and mine life of Productora.

"Targets of these sizes have strong potential to transform Productora into a Tier-1 project of global significance," Mr Easterday said.

"The impact this breakthrough could have on the project's economics and mine life is substantial."

A Pre-feasibility Study (PFS) on Productora is due to be completed this year. All the drilling results received to date will be included in this study. Results from drilling undertaken from now on, including at the porphyry targets, will be included in next year's Definitive feasibility study (DFS) ahead of Hot Chili and its partner CMP's decision to mine.

ASX Code

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Copper Porphyry Targets

The Induced Polarisation and Magnetotelluric (IP/MT) survey which generated the targets was completed in late August and followed a year of preliminary copper porphyry exploration at Productora.

"We have been studying the copper porphyry potential at Productora since the discovery of Alice late last year," Mr Easterday said.

"Some of the world's leading copper porphyry experts and exploration techniques have been applied to Productora over the past year and what we have identified has really opened our eyes.

"This survey has detected several near-surface porphyry targets in the centre of our development and confirmed that Alice is not alone.

"Planning is now underway to drill these targets."

Details of Targets Generated from Recent IP/MT Survey at Productora

Copper porphyry exploration commenced at Productora following the discovery late last year of the Alice deposit, 400m west of the planned central pit development.

Work undertaken since that time has focussed on studying a +6.5km-long porphyry footprint (silicaalunite lithocap) lying immediately west of the Main Zone which hosts the Company's entire resource base containing more than 1Mt of copper and 675,000oz of gold.

This work has included surface geochemical surveys, litho-structural mapping, drilling and lithochemical modelling in association with field investigations by some of the world's leading international copper porphyry geologists.

Recently, SouthernRock Geophysics (consultants) carried out 150m Pole-Dipole Induced Polarization / Resistivity & Magneto-Telluric (IP/MT) surveys at the Productora project between the 20th of July and the 29th of August 2015 to provide detailed 2D and 3D mapping of the resistivity and induced polarization parameters over the 6.5km-long porphyry-style target area at Productora.

The 26.7 line km survey enabled reasonable mapping of IP and MT to depths of approximately 700m and 1,500m respectively.

Post data collection processing has been completed and the Company and its consultants have reviewed and integrated this data with all other datasets over the porphyry target area.





This review has identified four large "Alice look-alike" porphyry targets immediately alongside the Main Zone in addition to potential major extensions of the Alice discovery area (Figure 1).

Importantly, an IP/MT type section was completed across Alice to test the signature and response to known and defined copper porphyry mineralisation at the project. This type section as shown on Figure 2 detected a chargeable halo surrounding copper mineralisation at Alice, correlating strongly with pyrite zonation already defined in drilling. This feature (pyrite shell surrounding copper porphyry mineralisation) is common in other copper porphyry deposits globally and has been identified in all four "Alice look-alike" porphyry targets.

Alice and the remaining porphyry targets are displayed on IP chargeability sections as outlined in Figures 2, 3 and 4. Details of the four anomalies include:

- 1. Alice and Alice Extensions- A strong chargeable halo surrounding the discovery area drill-out at Alice is observed to continue to the NW and SE (see Figure 3). The centre of the chargeable halo (chargeable low) indicates a potential 400m strike extension that has not been drill tested. Alice also appears to extend significantly at depth as shown in Figure 2.
- 2. **IP1 Target-** The largest target identified in the IP survey displays a chargeable halo that is approximately 1km in diameter. The chargeable low centre of this halo is large and prominent across two survey lines separated by 400m. The dimensions of the centre of the chargeable halo is approximately 500m in width, 500m in depth extent and appears to be overlain by a 200m thickness of lithocap (silica-alunite and advanced argillic alteration) as shown in Figure 4.
- 3. **IP2 Target-** The second largest target identified in the IP survey lies approximately 1km west of Alice (see Figure 2). Once again the target displays a very strong chargeable halo surrounding a chargeable low which extends over approximately 500m of strike extent. The IP 2 target is similar in scale to the IP1 target, however it appears to extend closer to surface and in some areas may potentially extend to surface. Earlier drilling completed close to this target had intersected proximal porphyry alteration and low grade copper mineralisation.
- 4. **IP3 and IP4 Targets** Both of these targets have been identified in the northern extent of the survey and lie NW and N of Alice, respectively. Both targets have a more subtle chargeability halo than Alice, IP1 and IP2 but are near-surface in nature and extend over several survey lines.

Hot Chili's exploration team is now designing a first-pass drilling programme to test these targets. It is envisaged that this drilling programme will form part of the early stages of a final programme of resource growth drilling in advance of a decision to mine at Productora.

The PFS being completed by Hot Chili is progressing well and will be based on a revised Mineral Resource and Ore Reserve from drilling completed to date. Any further successful drill testing of





the copper porphyry targets at Productora has the potential to increase mine life or scale of production that will be delivered into the DFS next year.

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Figure 1. Plan displaying the location of new copper porphyry IP targets in relation to the Alice copper porphyry discovery and planned Productora central pit design.



Drillholes displaying sulphide alteration

Figure 2. Type Cross section across Alice copper porphyry deposit displaying the chargeability response in relation to location of new copper drilling intersections at Productora. Note the depth extension potential below Alice and also the IP2 target 1km west of Alice. Both show similar chargeability halos (interpreted pyrite zonation).



Drillholes displaying sulphide alteration

Figure 3. IP section displaying the chargeability response across the NW extension of the Alice discovery area. Note the similar chargeability response to the Alice Type section which is located 200m to the south.



Drillholes displaying sulphide alteration

Figure 4. IP section across the IP1 copper porphyry target displaying a large chargeability halo around an elliptical large chargeability low. The interpreted lithocap overlying the target is approximately 200m in thickness from surface.





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 for 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

Classification	Tonnage		Grade		Contained Metal			
(+0.25% Cu)	(Mt)	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	

Productora Mineral Resource Statement – Reported 31st March 2014

Note 1: Figures in the above table are rounded, reported to two significant figures, and classified in accordance with the Australian JORC Code 2012 for 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 project was previously reported in the ASX announcement "Maiden Ore Reserve at Productora Set for Strong Growth in 2014", dated 31st March 2014, a copy of which is available on the ASX website at www.asx.com.au and the Company's website at www.hotchili.net.au. 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.

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 and Ore Reserves. 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.

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