



**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

Wednesday 14th November 2012

# Hot Chili Expands Los Mantos Project Under Second Deal with subsidiary of CODELCO

**Hot Chili (ASX: HCH) is pleased to advise that it has significantly increased the size of its Los Mantos copper project in Chile under a farm-in agreement with Compañía Contractual Minera Los Andes (CCMLA), a subsidiary of the Chilean major CODELCO, the world's largest copper producer.**

The agreement represents the start of Hot Chili's efforts to significantly expand the size of its Los Mantos copper project and build a substantial exploration land position immediately adjacent to Teck's large-scale Adacollo copper-gold operation.

It is the second agreement Hot Chili has executed with CCMLA a subsidiary of CODELCO concerning coastal range projects in Chile.

While the Company's is focused on the growth and development of its flagship Productora copper project, the expansion of the Los Mantos project is important for the Company's future push towards establishing a copper production hub in the coastal range of central Chile (see Figure 1).

### **Joint Venture Agreement- Major Expansion of Los Mantos**

Under the agreement Hot Chili can earn up to 60 per cent of an additional 10,000 hectares at Los Mantos over six years (see Figure 2).

Los Mantos is located, at low altitude (< 1,000m elevation), in the coastal range of Region IV, Chile, 240 km south of Hot Chili's flagship project Productora and immediately adjacent to Teck's large-scale Andacolla copper-gold operation (see Figure 3).

Under the terms of the 60% earn-in Joint Venture (JV) between CCMLA, a subsidiary of CODELCO, and Hot Chili's 100% operating subsidiary Sociedad Minera El Aguila (SMEAL), the Company made an upfront payment of US\$ 50,000 upon execution.

In addition, Hot Chili will be required to commit to a minimum expenditure of US\$2 million during the first five years of the earn-in phase including US\$150,000 in the first year. During the sixth year of

### ASX Code

HCH

### Contact

Mr Christian Easterday  
Managing Director

M: +61 409 64 1214

E: christian@hotchili.net.au

[www.hotchili.net.au](http://www.hotchili.net.au)





the JV agreement, Hot Chili also commits to completing a definitive feasibility study, adopt a Decision to Construct and pay the additional sum of US\$100,000 in order to exercise the JV.

Exploration first-pass drilling completed last year over Hot Chili's original land position at Los Mantos, produced several significant results. One of those drill results returned a wide, high-grade drilling intersection totalling **36m grading 1.4% copper and 0.2 g/t gold from 49m down-hole** as reported to the ASX on the 1<sup>st</sup> December 2011.

Significantly, the drilling result confirmed the potential for breccia-hosted, bulk tonnage, copper-gold mineralisation at Los Mantos.

Since that time, Hot Chili has pursued discussions with CODELCO (through its subsidiary) to expand the Company's planned future exploration activities to include CODELCO's large landholding in the area. In addition to this latest agreement, further consolidation of the Los Mantos project area is planned.

**Hot Chili Chairman Murray Black said the Company was committed to growing its relationship with its key partners in Chile.**

**"We are very pleased to extend our relationship with CODELCO (through its subsidiary) to a second project in Chile," Mr Black said**

**"Our strategic partnerships with both CODELCO (through its subsidiary) and CMP have allowed the company to unlock substantial opportunities and develop co-operative working relationships that create value.**

**"We look forward to generating value for both Hot Chili and CODELCO (through its subsidiary) as we set our sights towards the future exploration of a very well-regarded land holding in the coastal range of northern Chile."**

**or more information please contact:**

**Christian Easterday**

**+61 8 9021 3033**

**Managing Director**

**Email: christian@hotchili.net.au**

**or visit Hot Chili's website at [www.hotchili.net.au](http://www.hotchili.net.au)**



Figure 1- Hot Chili's coastal range project portfolio in the third and fourth region of Chile



Figure 2- Hot Chili's Expanded Landholding at the Los Mantos copper project, Chile



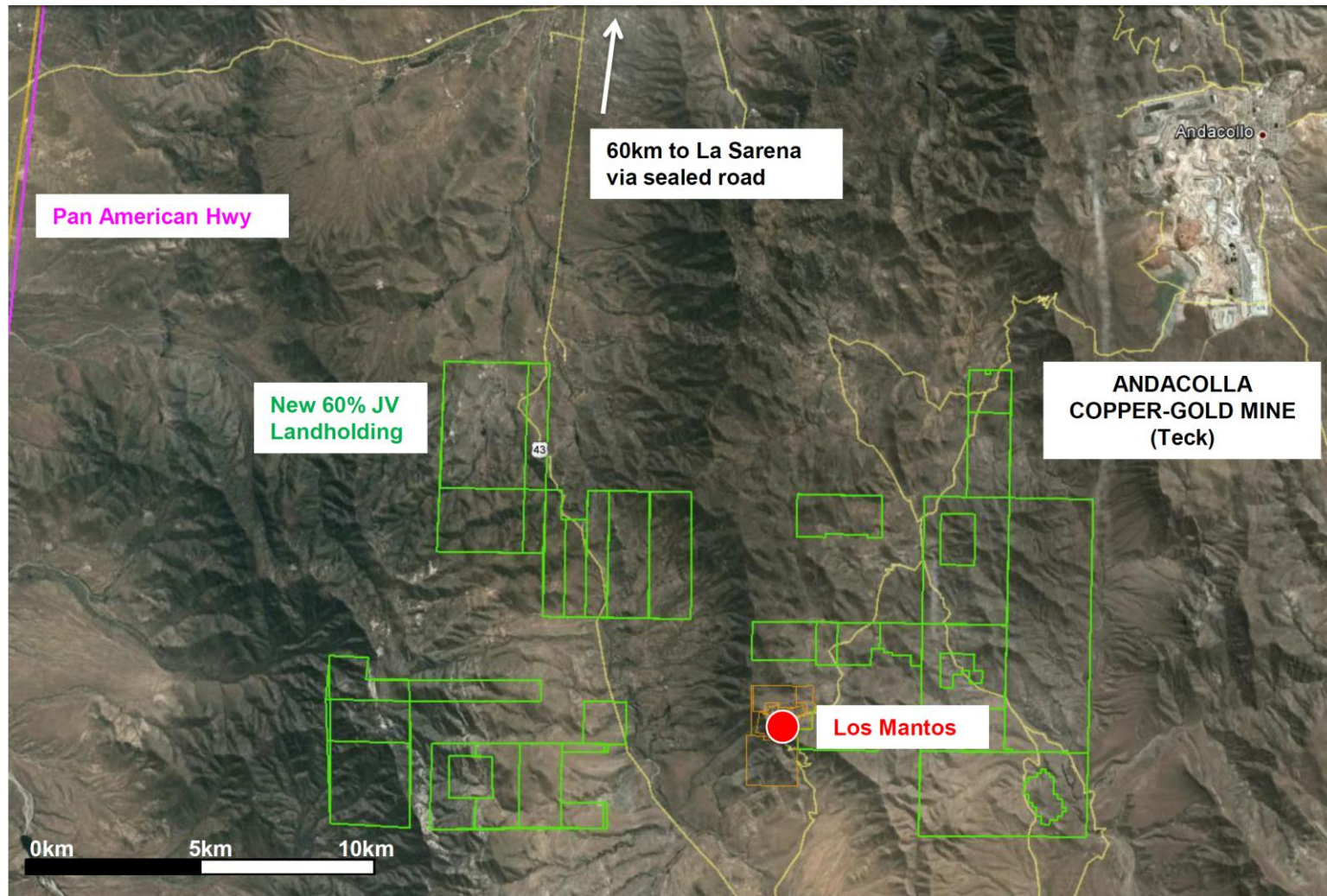
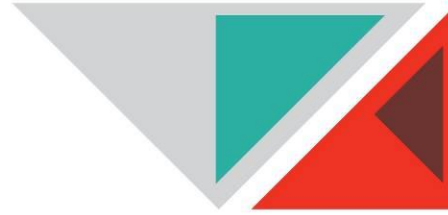


Figure 3- Hot Chili's Expanded Landholding at the Los Mantos in relation to Teck's Andacolla copper-gold operation



#### \* 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)x0.0008 + Au(ppm)x0.6832

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

#### Target Mineralisation

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

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

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.