Announcement

Date: 24th February, 2011

Resource Diamond Drilling Commences at Productora

- **Strong results continue from Productora central area drilling**
- **Resource diamond drilling commences at Productora**
- **5 drill rigs to be operating shortly**

Productora Central Area Drilling Results

Mine Vertical Drill Holes

58m grading 0.7% Copper from 96m down-hole
including 16m grading 1.0% Copper

28m grading 0.9% Copper from 96m down-hole
including 14m grading 1.2% Copper

30m grading 0.8% Copper from 96m down-hole
including 8m grading 1.4% Copper

42m grading 1.0% Copper Equivalent* from 84m down-hole
(**0.6% copper**, 110ppm molybdenum, 0.2g/t gold, 19ppm uranium and 129ppm cobalt)

&

6m grading 0.8% Copper Equivalent* from 142m down-hole
(**0.6% copper**, 94ppm molybdenum, 0.1g/t gold, 8ppm uranium and 68ppm cobalt)
Hole finishes in mineralisation

86m grading 0.8% Copper Equivalent* from 122m down-hole
(**0.5% copper**, 146ppm molybdenum, 0.1g/t gold, 23ppm uranium and 71ppm cobalt)

including 14m grading 1.0% Copper Equivalent*
(**0.7% copper**, 70ppm molybdenum, 0.2g/t gold, 15ppm uranium and 72ppm cobalt)

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Hot Chili (ASX Code: HCH) is pleased to confirm that resource diamond drilling activities have now commenced at its flagship Productora project in Chile. This follows the completion of a first pass 16,000m reverse circulation (RC) programme which has now recorded wide zones of multi-commodity mineralisation in drilling over some 2.5km within the company's land holdings at the project and remains open along strike.

Another series of strong results have also been received from recent surface drilling undertaken within the central area of Productora, further confirming the continuity and robust nature of mineralisation being delineated at the project.

The commencement of diamond drilling marks the start of a significant in-fill resource drilling programme at Productora aimed at reporting first resources by late in the second quarter of 2011.

Continuing Results from First Pass Drilling Programme at Productora

Hot Chili has now reported significant intersections in 22 of the first 23 RC drill holes completed within the central area of Productora. Wide zones of breccia hosted copper, molybdenum, gold, uranium and cobalt mineralisation have been recorded over 1.4km within the central area, the focus for the company's preliminary resources at Productora.

Through an ongoing cooperative relationship with the operator of the Productora underground mine (Playa Brava), Hot Chili have been given access to the results of four vertical surface RC holes that Playa Brava recently completed on the southern extent of the underground. This surface drilling was undertaken to guide a development drive southward from the existing mine.

Hot Chili undertook multi-element analysis and geological logging of one of the four vertical surface RC holes to validate the remaining holes which were analysed for copper by Playa Brava. The results of analysis undertaken by Hot Chili and Playa Brava confirm the extension of wide zones of significant copper and associated polymetallic mineralisation on the southern extension of the mine.

Another wide drilling intersection has also been recorded in the southern extent of the central area at Productora. The result of **86m grading 0.8% copper equivalent* from 122m depth** provides further confidence in the extent of the mineralised breccia.

Resource Drilling Programme Commences at Productora

A resource in-fill drilling programme comprising 3,000m of diamond drilling and 7,000m of RC drilling within the central area at Productora has commenced. A new diamond drill rig arrived on-site on the 14th of February and has now commenced double shift drilling. Drilling is initially focussing on the completion of 18 diamond tail extensions to existing RC holes which have all ended in significant

mineralisation. Once all diamond tail extensions are complete, the diamond drill rig will also complete 4 deep diamond holes below the operating Productora underground copper-gold mine.

Drill platform clearing to prepare for the 7.000m in-fill RC drilling programme has commenced. The company already has two RC rigs and is working towards securing two additional RC drill rigs to assist in completing the resource in-fill RC drilling programme at Productora.

Los Mantos Drilling to Commence

Two drill rigs are scheduled to commence drilling at the company's other advanced project Los Mantos within the coming fortnight. Final mark-out of drill sites and platform clearing is ready for the commencement of a 10,000m first-pass RC drilling programme at the project.

The Los Mantos project is situated approximately 240km south of Productora and although recording over 40 years of mining, has never previously been drill tested. Approximately 2.5 km cumulative strike extent of mantos and shear-hosted mineralisation has been mapped in outcrop and surface and underground development exposures. Drilling will look to confirm the grade and widths of substantial copper-gold mantos zones that are currently being exploited from both surface and underground small-scale development.

The directors look forward to continuing results from resource drilling activities at Productora and the impending commencement of first drilling at Los Mantos. The addition of several new drilling rigs, provide the company confidence that it will achieve its aim of reporting preliminary JORC compliant resources at both of its advanced multi-commodity projects in Chile by late in the second quarter of 2011.

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Announcement

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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= Cu % + Mo(ppm)x0.0009 + Au(ppm)x0.7808 + U(ppm)x0.0031 + Co(ppm)x0.0008
Price Assumptions- Cu (US$1.60/lb), Mo (US$15/lb), Au (US$850/oz), U (US$50/lb), Co (US$12/lb)

Competent Person's statement

Information in this announcement that relates to exploration results or mineral resources 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 announcement of the statements based on his information in the form and context in which they appear.

Announcement

Date: 24th February, 2011

Significant Intersections Table

Hole_ID	Coordinates		Azim.	Dip	Intersection		Interval	Copper	Gold	Cobalt	Molybdenum	Uranium	Copper Eq*
	North	East			From	To	(m)	(% Cu)	(g/t Au)	(ppm Co)	(ppm Mo)	(ppm U)	(% Cu)
PR10-01	6822615	323660	360	-90	96	154	58	0.7					0.7
			including		120	136	16	1.0					1.0
PR10-02	6822594	323654	360	-90	104	132	28	0.9					0.9
			including		114	128	14	1.2					1.2
PR10-03	6822630	323633	360	-90	80	110	30	0.8					0.8
			including		102	110	8	1.4					1.4
PR10-05	6822599	323665	360	-90	84	126	42	0.6	0.1	129	110	19	1.0
	Open to end of hole				142	148	6	0.6	0.1	68	94	8	0.8
PRP0048	6828887	325225	90	-60	28	40	12	0.4	0.1	107	20	27	0.6
PRP0050	6828869	325172	90	-60	1	14	14	0.1	0.0	16	1	134	0.6
PRP0053	6821900	323340	90	-60	108	113	5	0.6	0.2	141	266	18	1.1
PRP0055	6822861	323528	90	-60	95	98	3	1.0	0.2	179	5	7	1.3
PRP0060	6822460	323670	90	-60	61	65	4	0.6	0.0	113	39	20	0.8
					206	219	13	0.7	0.2	423	281	69	1.7
	Open to end of hole				265	270	5	0.6	0.1	179	205	49	1.2
PRP0061	6822460	323590	90	-60	166	170	4	0.7	0.2	102	133	28	1.1
					203	211	8	0.2	0.0	73	346	90	0.9
PRP0062	6822020	323420	90	-60	108	114	6	0.7	0.1	85	90	20	1.0
					122	208	86	0.5	0.1	71	146	23	0.8
				including	122	136	14	0.7	0.2	72	70	15	1.0

Note:

- All drill holes are reverse circulation (RC)
- Results comprise ICP analysis (ME-ICP61) of all 1m selective (riffle split samples) and 4 composite samples.
- Priority AAS analysis (CU-AA62 ore grade analysis) results were utilised where analysis was undertaken for copper results greater than 0.2%.
- Priority MS analysis (ME-MS61) results were utilised where analysis was undertaken for uranium results greater than 50ppm.
- Gold analysis only undertaken over copper results greater than 0.2%. All gold results comprise ICP analysis (Au-ICP21). Gold significant intersections may in some instances represent the average of gold results within the zone of intersection. In these instances generally gold analysis has been undertaken over 90 percent of the samples taken within the length of the intersection.
- Significant intersections are a combination of both 1m selective sample intervals as well as 4m composite intervals.
- All results were analysed by ALS Chemex (La Serena) laboratories.
- Copper total assay results received for Playa Brava RC holes PR10-01, PR10-02 and PR10-03. PR10-05 was assayed by Hot Chili personnel using the above described analytical methods as a validation of PR10-01, PR10-02 and PR10-03.

Announcement

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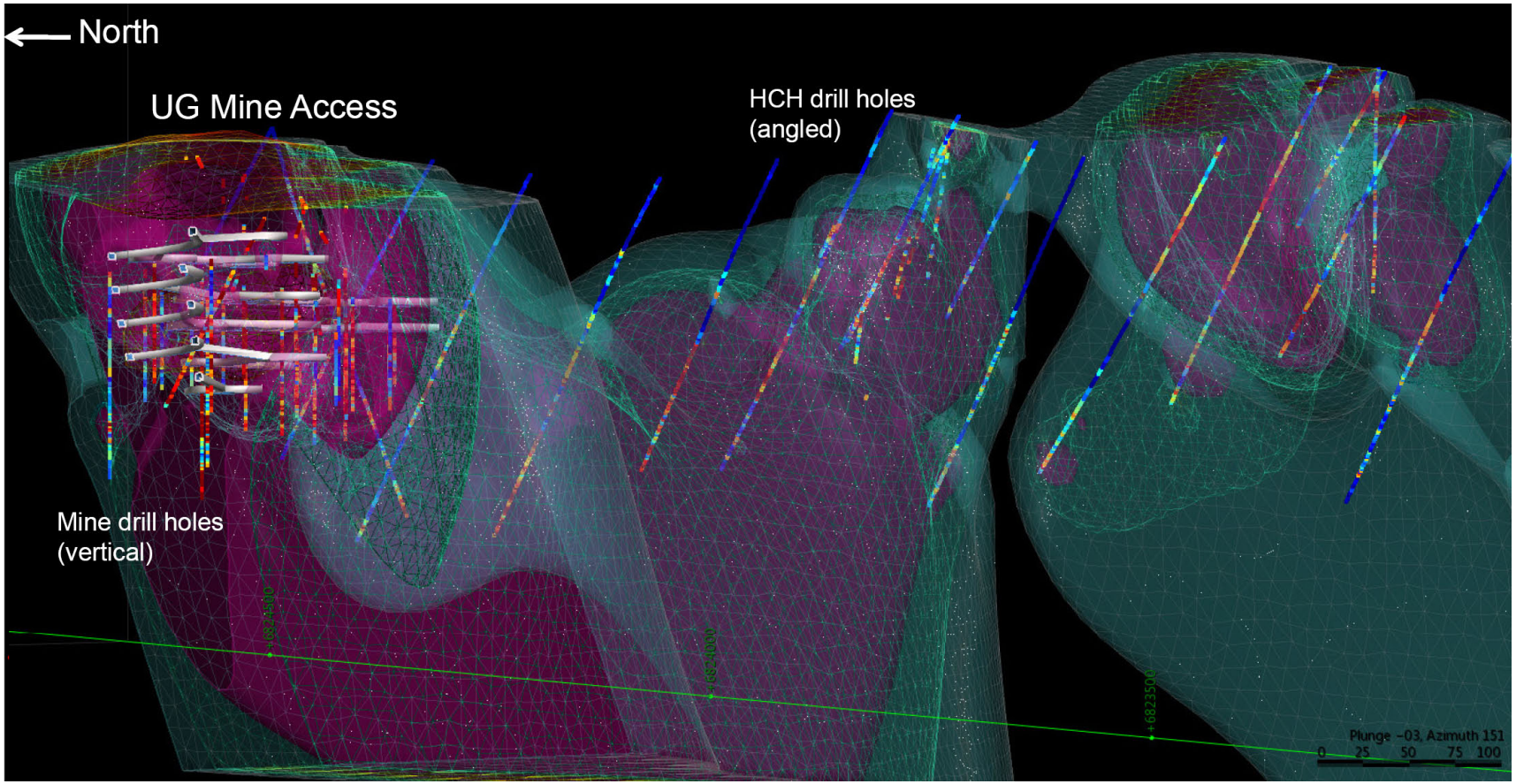

Preliminary 3D model of copper distribution within the central area of Productora.

Announcement

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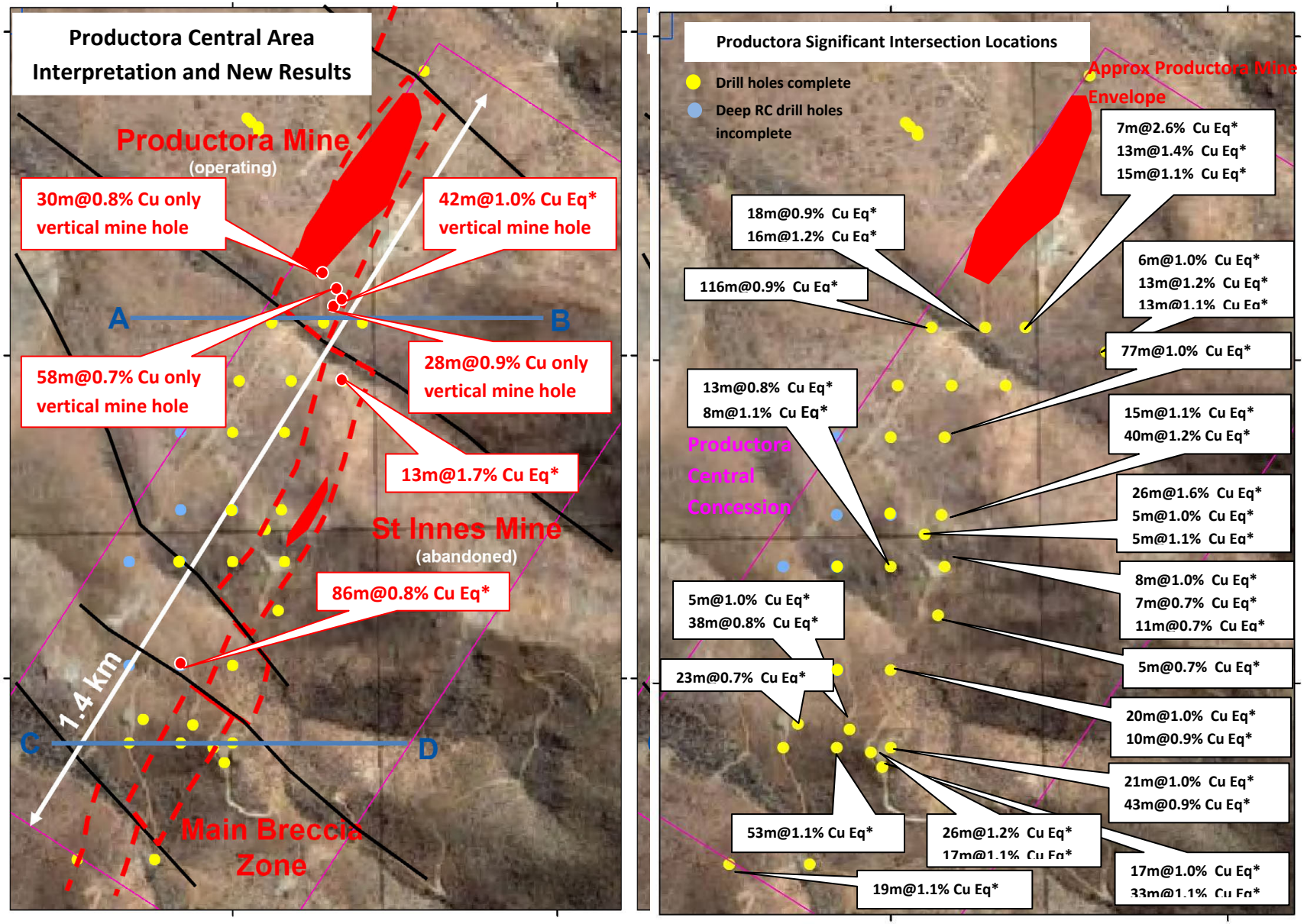

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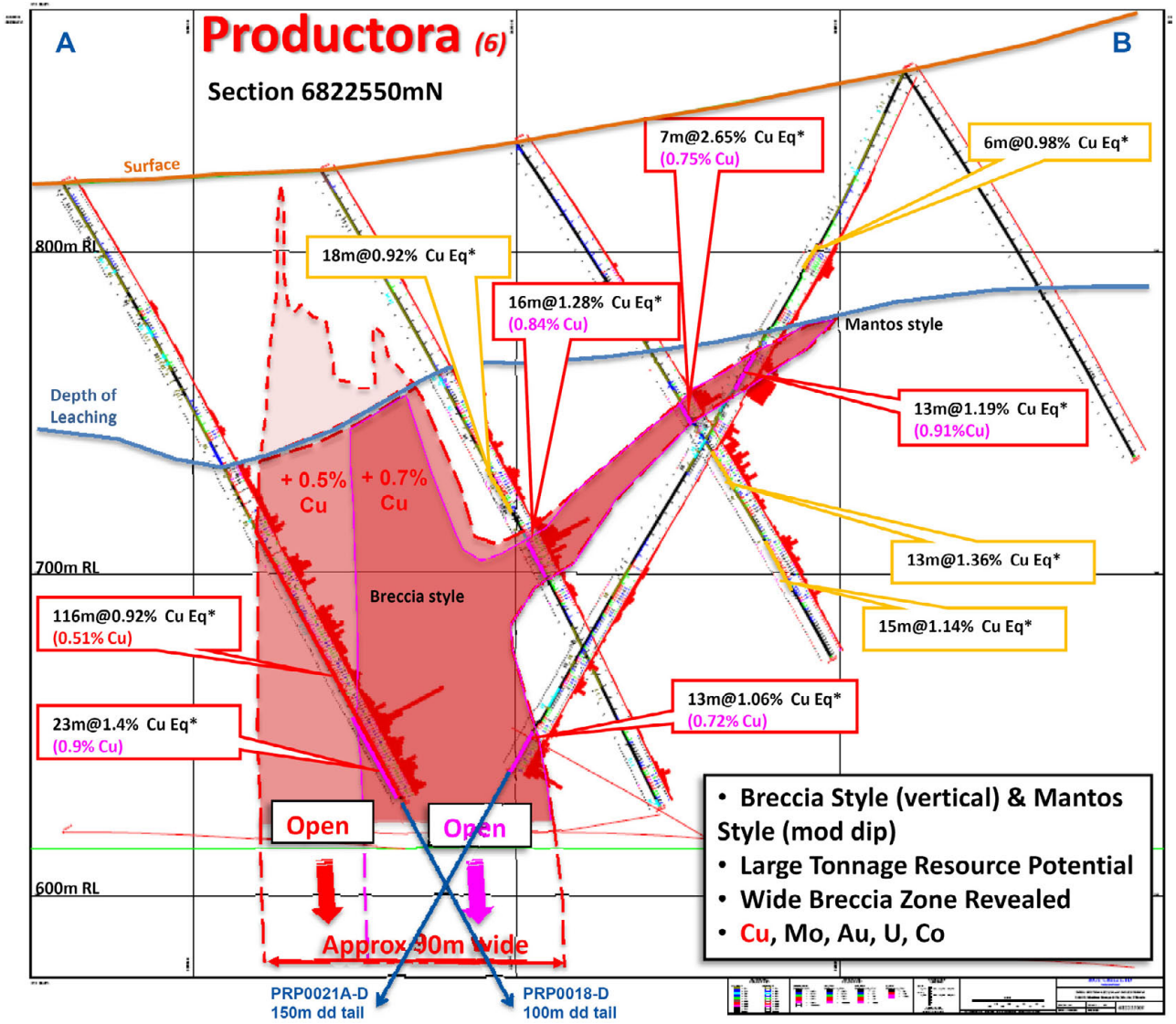

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