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ASX ANNOUNCEMENT

Wednesday 21st November 2012

Chilean resources major to lift stake in Hot Chili through \$4M placement

Hot Chili (ASX: HCH) is pleased to advise that it intends to undertake a private placement to its strategic shareholder, Chilean resources major Compañía de Aceros del Pacifico (CAP), to raise approximately A\$4 million.

The placement will increase CAP's shareholding in Hot Chili from 3.5% to over 5%, maintaining its position as one of the Company's top-five shareholders.

Hot Chili recently completed a A\$35.5 million share placement, of which affiliates of highly-regarded Australian fund Taurus Funds Management, affiliates of North American Sprott Inc and the well-respected Canadian resources group Lundin Mining Corporation took up more than half.

Following completion of its placements and forthcoming SPP offer Hot Chili will have over \$45 million in available cash reserves.

Another resource upgrade, which will be underpinned by the recent high-grade drilling results from the central area of the planned open pit, is expected once all required drilling has been completed.

"This latest proposed investment by CAP is another strong vote of confidence in Hot Chili's strategy to create wealth for shareholders through the rapid growth and development of the Productora copper project in Chile," Hot Chili Managing Director Christian Easterday said.

CAP as a Strategic Shareholder in Hot Chili

CAP is the parent company of Compañía Minera del Pacífico S.A. (CMP), Chile's largest iron ore producer and integrated steel business.

Importantly, CMP is a major partner in Productora. Hot Chili recently executed two non-binding Letters of Intent with CMP to negotiate a

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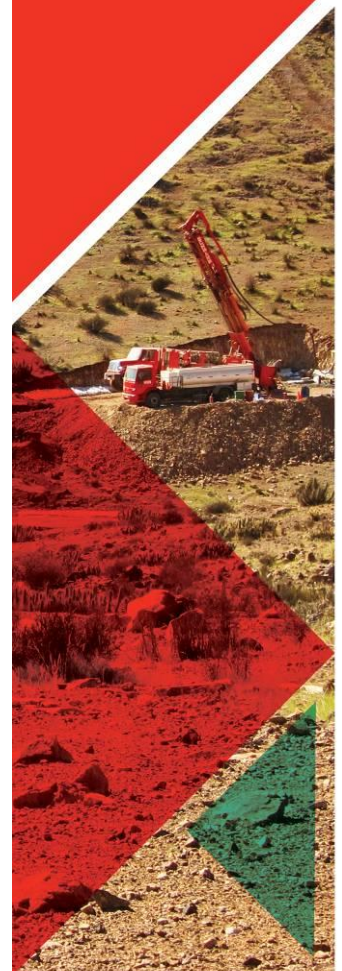
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joint infrastructure and iron exploitation option for the development of Productora.

Productora lies in the heart of CMP's existing coastal infrastructure, including rail, port, easement corridor, magnetite concentrator and iron pellet plant. CMP's infrastructure and the identification of significant iron potential creates substantial operational synergies for both companies and will help underpin rapid development of the project.

Hot Chili and CAP are currently investigating other potential avenues in which to co-operate in the development of Productora for the benefit of both companies.

Private Placement Details

The private placement to CAP is expected to be undertaken in the coming weeks under the same terms as at Chili's current A\$35.5 million capital raising, which is due to be ratified by shareholders at the Annual General Meeting (AGM) on Friday November 23, 2012.

The intended private placement to CAP will raise approximately A\$4 million through the issue of 8,092,784 new shares at A\$0.50 per share. CAP will obtain final approval for this participation at its regular board meeting on December 7, 2012.

CAP will also receive one free attaching A\$0.75 options expiring on November 30, 2014 for every two new shares for which it subscribes. This will equate to the issue of approximately 4,046,392 new A\$0.75 options to CAP.

It is expected that the placement will be completed under the Company's "15% limit" permitted under the listing rules without shareholder approval, once this has been refreshed at the Company's AGM.

Hot Chili Chairman Murray Black said the Company was delighted by CAP's decision to increase its shareholding to more than 5% through the placement.

"We are committed to ensuring that the growing strategic relationship between Hot Chili and CAP creates value for both companies," Mr Black said.

"This is yet another sign of the strong interest by CAP in assisting our Company to advance Productora towards a development decision."

About Compañía de Aceros del Pacifico (CAP)

Compañía de Aceros del Pacifico (CAP) is listed on the Chilean stock exchange with a market capitalisation as at June 28th 2012 of US\$5.34 billion. CAP is the parent company of Compañía Minera del Pacifica (CMP), an iron ore mining company producing concentrate and iron ore pellets with projects in the 3rd and 4th region of the iron ore belt district in northern Chile. The company is a vertically integrated steel producer which also supplies Chile with steel from its plant in the southern city of Talcahuano. Mitsubishi is a 19.1% shareholder of CAP and 25% shareholder of CMP as at December 31st 2011.

CMP is a major partner in the company's flagship Productora copper project and its parent company CAP is a 3.5% shareholder of Hot Chili prior to the issue of tranche 2 of the current A\$



35.5 million capital raising. Following the completion of the current A\$35.5 million capital raising, a A\$4 million private placement to CAP will increase their shareholding in Hot Chili to 5.5%.

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