



Hot Chili Limited ACN 130 955 725
Suite 25, 784 Canning Hwy, Applecross, Western Australia
PO Box 1725, Applecross, 6953, Western Australia
P: +61 8 9021 3033 F: +61 8 9021 6995

ASX ANNOUNCEMENT

Tuesday 6th September 2011

First Resource at Productora

- Resource estimate of 85.1Mt grading 0.6% copper, 0.1g/t gold and 146g/t molybdenum
- Contained metal of 483,000 tonnes of copper, 290,000 ounces of gold and 12,418 tonnes of molybdenum
- Resource from surface (no pre-strip)
- 37% Indicated and 63% Inferred classification
- Resource confined to central 1.4km extent of project, representing only 15% of Productora's 9.5km mineralised trend.
- Aggressive drilling programme has now re-commenced

Hot Chili (ASX Code: HCH) has completed its first resource estimate at the company's Productora copper-gold-molybdenum project in Chile. The important milestone comes after an intensive 10 month drilling effort and just 15 months since the company listed on the ASX.

Hot Chili's chairman Murray Black stated "The resource milestone crystallises an important stage in our progress as we transition the company from explorer to project developer"

"Our focus now will be to rapidly expand the resource along the entire 9.5km mineralised trend while also getting economic studies underway. The location, size, grade and shallow depth of the initial resource give us confidence that Productora is quickly emerging as one of Chile's newest copper developments", Black said.

Hot Chili has commenced a 55,000m reverse circulation (RC) and 8,000m diamond (DD) drilling programme which aims to expand the initial resource adjacent to, along strike, and at depth. Planning is underway in the lead-up to the appointment of a dedicated development team to commence the scoping phase of economic studies at Productora.

ASX Code

HCH

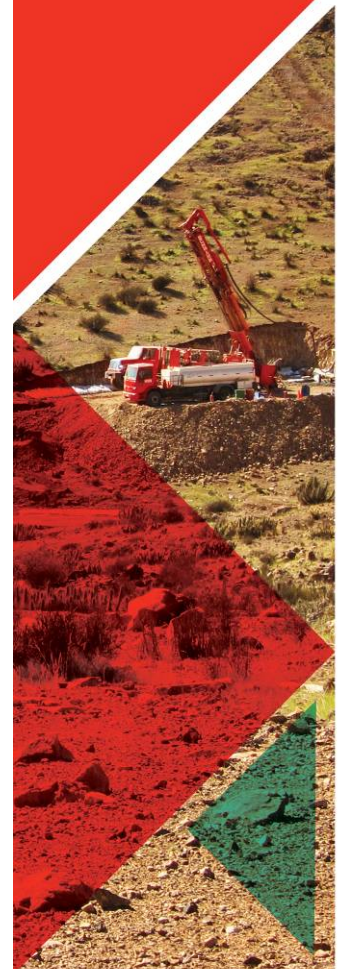
Contact

Mr Christian Easterday
Managing Director

M: +61 409 64 1214

E: christian@hotchili.net.au

www.hotchili.net.au





Productora Central Area Resource

The mineral resource estimate is confined within central lease area of the company's Productora project. Hot Chili controls 12.5km of strike extent along the main mineralised trend at Productora through its own 100% tenure, purchase-option agreements and a 65% earn-in agreement with CMP (Chile's largest iron ore producer) over its landholdings at the project.

The central lease contains the operating Productora underground copper mine which has been excluded from the resource estimate. Hot Chili is currently preparing to exercise its 100% purchase option right with the owners of the central lease. The company is committed to a cooperative relationship with the operators of the underground mine at Productora to ensure that mining is allowed to continue under a capped production arrangement during the company's development phase.

The independently estimated mineral resource within the central area is shown in tables 1 and 2 and includes the results from all RC and diamond drilling completed to the end of July 2011. The resource estimate also utilised a large underground drilling database and development models provided by the operators of the Productora underground mine.

The resource has been estimated in accordance with the guidelines of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004). A summary of the estimation methodology and competent person statement is included at the end of this announcement.

Table 1 - Productora Central Area Resource - 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)
Indicated	31.1	0.6	0.1	159	0.8	185	110	4,942	248
Inferred	54.0	0.6	0.1	138	0.7	298	180	7,476	395
Total	85.1	0.6	0.1	146	0.8	483	290	12,418	644

Note: Figures in the above table are rounded to one significant figure in accordance with Australian JORC code 2004 guidance on mineral resource reporting.

Approximately 37% of the resource estimate comprises indicated material and 63% inferred material. The majority of the indicated resource lies within the first 200m from surface. The quantity of higher grade copper within the deposit with increasing cut-off grade is outlined in table 2 and figure 1.



Table 1 - Productora Central Area Resource - September 2011

	Reporting	Grade					ContainedMetal			
	CutOff %	Tonnage (Mt)	Copper %	Gold (g/t)	Molybdenum (g/t)	CopperEq* %	Copper (Kt)	Gold (KOz)	Molybdenum (Tonnes)	CopperEq* (Kt)
INDICATED	0.1	33.1	0.6	0.1	153	0.8	188	117	5,059	255
	0.2	32.8	0.6	0.1	154	0.8	189	112	5,057	257
	0.3	31.2	0.6	0.1	159	0.8	185	110	4,942	248
	0.4	26.1	0.6	0.1	170	0.9	167	100	4,427	225
	0.5	18.8	0.7	0.1	182	0.9	134	81	3,431	179
	0.6	11.5	0.8	0.2	199	1.1	94	57	2,285	125
INFERRED	0.1	56.4	0.5	0.1	136	0.7	304	181	7,666	406
	0.2	56.3	0.5	0.1	136	0.7	304	184	7,666	405
	0.3	54.0	0.6	0.1	138	0.7	298	180	7,476	395
	0.4	45.3	0.6	0.1	142	0.8	267	162	6,440	354
	0.5	31.6	0.7	0.1	151	0.9	207	125	4,774	271
	0.6	16.6	0.8	0.2	177	1.0	125	79	2,938	166
TOTAL	0.1	89.4	0.6	0.1	142	0.7	493	298	12,725	661
	0.2	89.1	0.6	0.1	143	0.7	493	296	12,723	662
	0.3	85.1	0.6	0.1	146	0.8	483	290	12,418	644
	0.4	71.4	0.6	0.1	152	0.8	433	261	10,867	580
	0.5	50.4	0.7	0.1	163	0.9	341	206	8,205	449
	0.6	28.1	0.8	0.2	186	1.0	218	136	5,223	291

A nominal +0.3% copper grade-shell model was utilised to constrain the block model resource estimation. The distribution of gold and molybdenum within the deposit only represents those metals in co-association with copper. It is important to note that significant quantities of molybdenum lie outside the current resource model. Cobalt and uranium mineralisation, although present at Productora, have not at this stage been included in resource estimation work. The company will continue to assess these and other metals as potential credits within the resource.

Figures 1 displays the distribution of grade and tonnes within the resource estimate using increasing minimum copper cut-off grade. The average depth of the resource base is approximately 400m from surface as shown in figures 3 and 4. The resource correlates well with the location and indicative production grade of the Productora underground mine. Underground assessment of mineralisation and geological controls provided valuable information which assisted in the interpretation of constraint models for the resource.

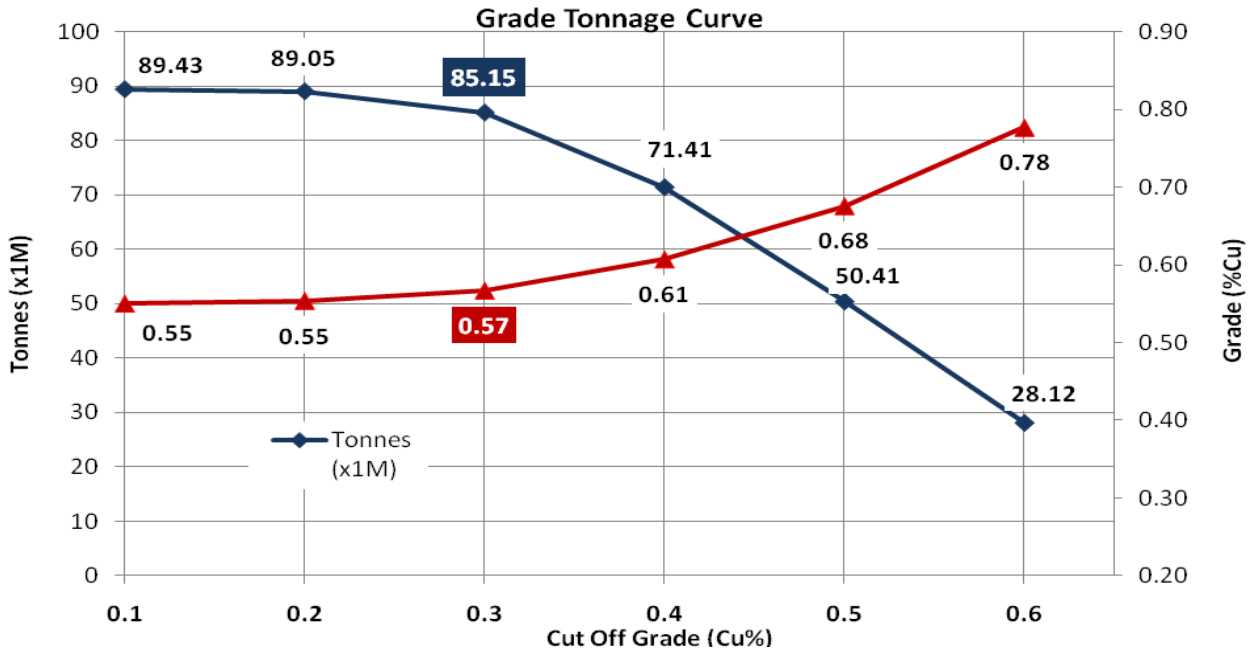


Figure 1 - Distribution of grade and tonnes with increasing copper cut-off grade

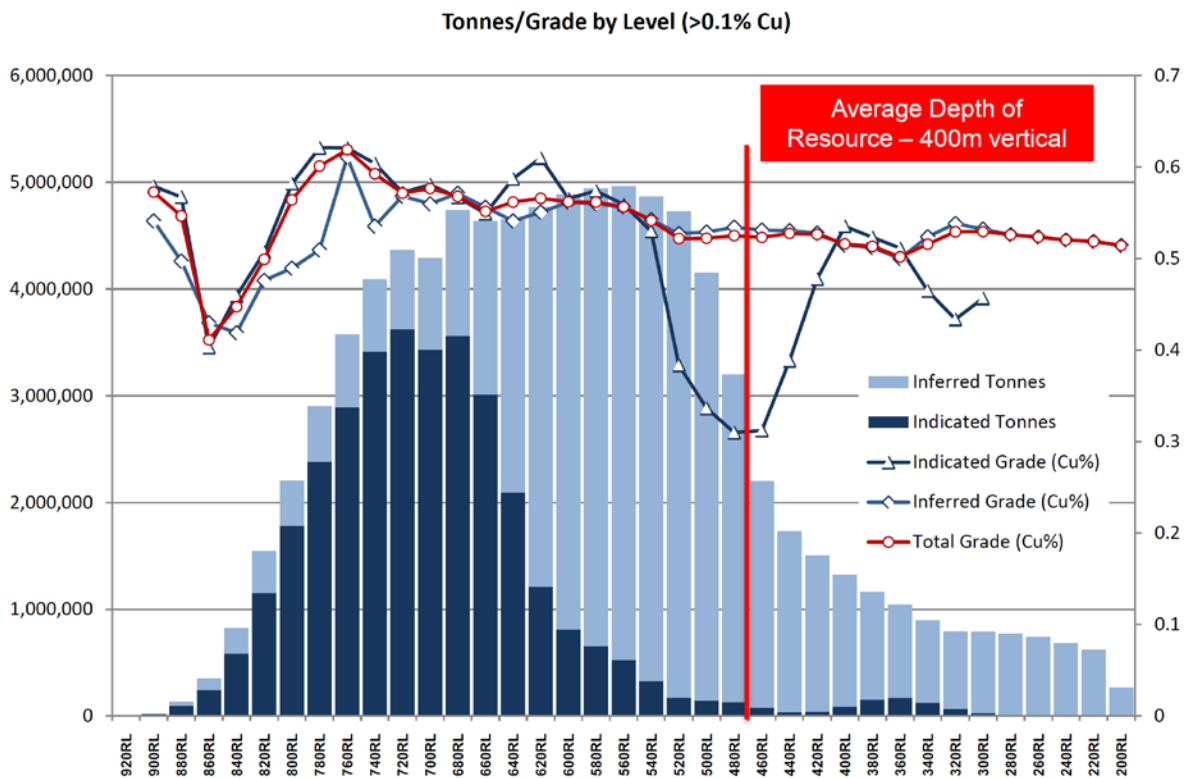


Figure 2 - Distribution of grade and tonnes with increasing depth



Mineralisation is associated with a series of vertical lodes and some minor subhorizontal lodes (mantos zones) within a felsic volcanic country rock. The felsic volcanic sequence has been extensively intruded by a tourmaline-breccia along the main mineralised north-east trend.

Sulphide ore mineralogy comprises pyrite, chalcopyrite, bornite and molybdenite developed as breccia, vein and cavity fill, as well as disseminations within the brecciated host rocks. Within the oxide zone copper is dominantly associated with malachite. The resource extends from surface and the average oxidation depth across the resource is approximately 70m vertical depth as shown in figure 4.

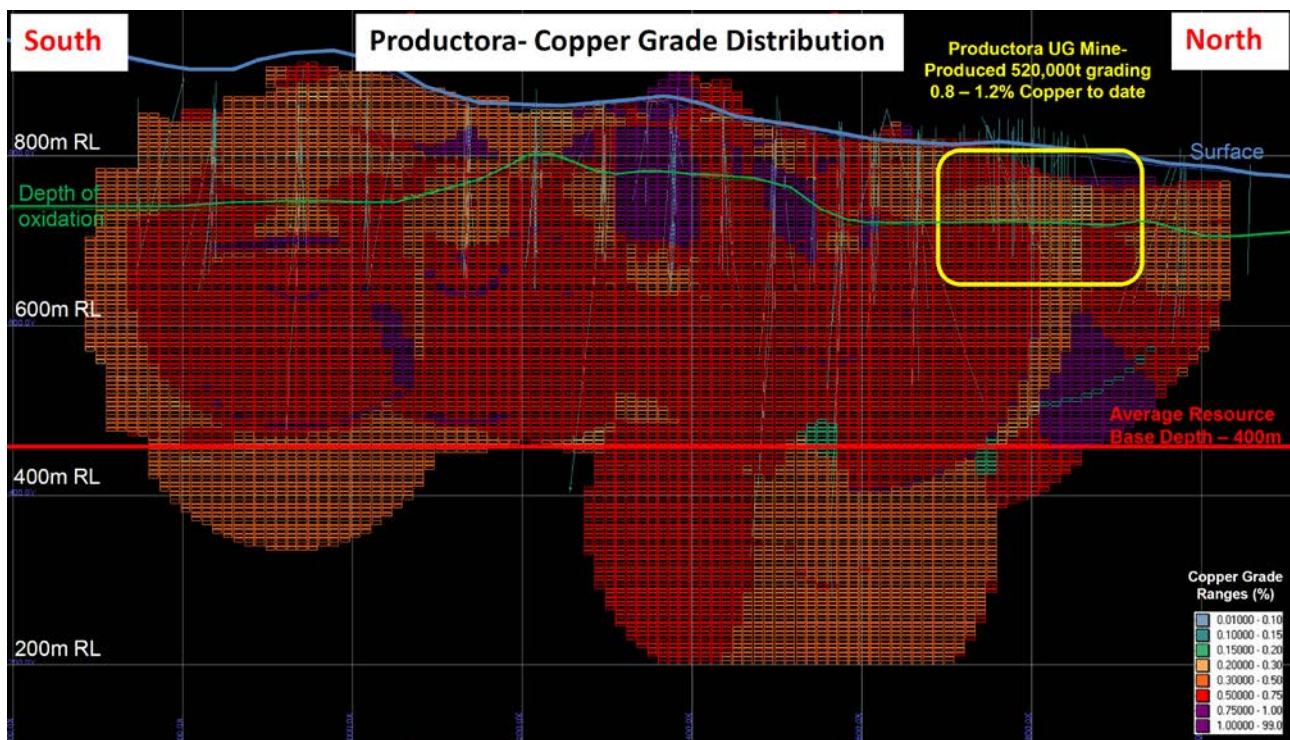


Figure 4 - Long-section (looking west) showing the distribution of grade across the resource

Productora Potential and Target Mineralisation

Following extensive exploration assessment including detailed surface mapping, surface geochemistry, airborne geophysical surveys and drilling, Hot Chili has delineated the potential size of the mineralised footprint relating to the central area resource at Productora.

The main mineralised corridor at Productora relates to a coincident NNE trending magnetic and induced polarisation (IP) chargeability anomaly that is approximately 9.5km in strike length. Extensional drilling along strike from the central area resource has already successfully intersected



breccia hosted multi-commodity mineralisation for over 3.7km of this strike extent. Drilling confirms that the magnetic anomaly relates to a magnetite zone along the western margin of the mineralised breccia corridor.

A major drilling programme comprising 55,000m of RC drilling and 8,000m of diamond drilling has commenced to expand the initial resource adjacent to, along strike, and at depth. A component of the diamond drilling programme will aim to up-grade the categorisation of the central area resource from inferred to indicated.

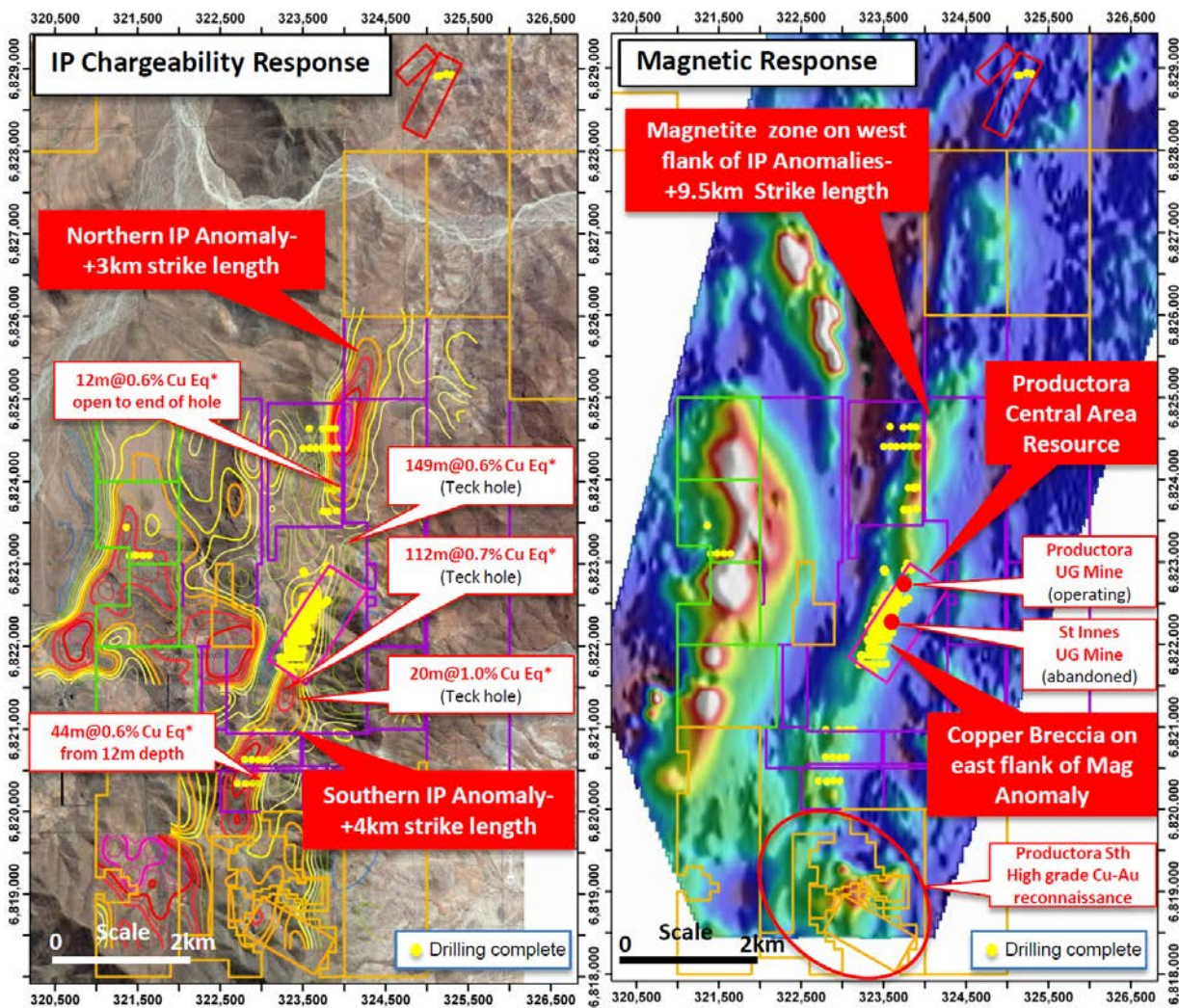


Figure 5 - Selected extensional drilling results, magnetic and IP chargeability response of the Productora mineralised system- +9.5km in strike length.



Based on the expanded understanding of the project, Hot Chili has revised its target mineralisation at Productora. The revised target mineralisation is summarised in table 3 below.

Table 4- Target Mineralisation

Target Mineralisation- September 2011								
	Tonnage (Mt)		Grade			Contained Metal		
	From	To	Unit	From	To	Unit	From	To
Copper	280	320	%	0.5	0.7	Mt	1.4	2.2
Gold	280	320	(g/t)	0.1	0.2	Moz	0.9	2.1
Molybdenum	280	320	(g/t)	120	180	Tonnes	34,000	58,000
Copper Eq*	280	320	%	0.7	1.0	Mt	1.9	3.2

Note: Figures in the above table are rounded to one significant figure

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.

The directors of Hot Chili are very pleased with the outcome of the company's first resource estimation at Productora and believe that this milestone marks the beginning of a rapidly emerging major new copper-gold-molybdenum development in Chile. The company looks forward to the commencement of development studies and escalating drilling efforts to realise the full potential of Productora through rapid resource growth.

For 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



* 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= $Cu \% + Mo(ppm) \times 0.0009 + Au(ppm) \times 0.7808$

Price Assumptions- Cu (US\$1.60/lb), Mo (US\$15/lb), Au (US\$850/oz)

Target Mineralisation

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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.

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.



Resource Estimation Methodology and Data utilised in the Productora Central Area Resource

- Data utilised in this resource estimation included validated Hot Chili drill hole assays and geological logging, surface structural information and mapping data, underground drill hole database and development models as supplied by lease mining company Playa Brava, and historical drill hole data completed by Teck.
- A site visit by independent resource consultant Alfred Gillman allowed an underground review of geological controls on mineralisation and an opportunity to audit Hot Chili's geological logging and data collection procedures. The site visit also allowed a review of ALS laboratory facilities and procedures in La Serena Chile.
- Drilling undertaken by Hot Chili was completed on 80m spaced drilling sections with 40m spacing between drill holes. A total of 141 RC holes and 22 diamond holes were completed by HCH at Productora and utilised in this calculation.
- The company's assay data utilised for the Productora central area resource calculation comprised almost entirely 1m split samples and some 4m composite samples. Results comprise ICP analysis (ME-ICP61) of all 1m selective riffle split samples and 4m composite samples. Priority AAS analysis (CU-AA62 ore grade analysis) results were utilised where analysis was undertaken for copper results greater than 1.0%. All gold results comprise ICP analysis (Au-ICP21).
- All company assay results were analysed by ALS Chemex (La Serena) laboratories.
- Bulk reject pulps from 1,735 selected RC and diamond core samples from 17 drill holes were subjected to specific gravity (SG) analysis by ALS (Chile). Multiple samples of the dominant lithologies from each oxidation profile were analysed using the pycnometer method.
- All grade shell models were constructed by independent resource consultant Alfred Gillman and constrained to a well-defined geological model for the deposit. A total of 10 domains were defined across the resource.
- Grade shell models were based on sectional interpretations. Wire frame models were stitched and validated using Gemcom 3D geological modelling software.
- Dilute grade shell models were defined using a minimum 4m true width and a nominal +0.3% copper cut-off. Where reasonable, areas of low grade dilution were modelled and excluded from the final grade shell model.
- Maximum search distances for indicated classification was 50m and for inferred classification was 200m.
- All geostatistical analysis was undertaken by independent resource consultant Alfred Gillman. No outlier results were determined and no top-cuts were applied. A remarkable consistency in grade across the full extent of the deposit was noted.
- Variogram modelling was also completed to determine optimal search ellipse parameters for individual domains.
- A Gemcom inverse distance squared block model was constructed using an isotropic search and variogram parameters to populate a 2.5m x 12.5m x 5m (x, y, z) block size.
- The grade interpolation was constrained within the grade-shell model and no interpolated grades were allowed to spill outside the wireframes. All blocks within the wireframes were assigned a representative grade based on their location in relation to the ore shell envelopes.
- All underground development and stope locations were accounted for and excluded from the resource calculation. Plus an extra 15 metres vertical was clipped from the model to allow for any further underground development.
- Analysis of the block model showed good agreement between the modeled grade and composite data with modeled grade rarely exceeding the respective composite grade.
- Verification of the block model was undertaken using an Ordinary Kriging block model interpolation. No significant difference in grade attribution was noted.
- Verification and audit of the Productora central area resource was undertaken by a sign-off team including Hot Chili resource geologists and independent resource consultant Alfred Gillman.