

Recent Developments on Uranium Production in Chile

Hot Chili is pleased with recent Chilean media releases concerning new developments on the establishment of uranium production from Chile's mining sector.

An article published on Friday the 18th of June 2010 in Diario Financiero has indicated that the Chilean state owned company CODELCO, the world's largest copper producer, has been studying the possibility of commercially extracting uranium as a sub-product of copper mining from its CODELCO North projects. The first phase of the study, being undertaken jointly with the Chilean Commission for Nuclear Energy (CCHEN), has been in operation for three years and has recently been completed yielding positive results.

The article reports that the second phase of the study into uranium extraction has already commenced with a jointly funded pilot plant under construction and due to begin operating in September of this year.

The translated article "Codelco discovers uranium in its work sites and approves pilot plant in the north", published in Diario Financiero on Friday the 18th of June, 2010 is attached.

These recent developments provide further encouragement for Hot Chili's own plans to explore and, given successful results, develop mining operations from its portfolio of Chilean uranium-copper-gold projects. The Company is currently focusing on its two advanced-stage projects at Productora and Los Mantos, where it is preparing to commence maiden confirmation drilling programmes as soon as possible. Hot Chili is partnered with CODELCO in the company's northern early-stage exploration project, Chile Norte. This project does not form a part of the current CODELCO/CCHEN operations with respect to uranium sub-product production.

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Published by **Diario Financiero**¹

Friday, June 18th, 2010 **Business Section**

Advised by the **Chilean Commission of Nuclear Energy**

Codelco discovers uranium in its work sites and approves pilot plant in the north

By Gustavo Orellana V.

The plan embarked on by Codelco and the Chilean Commission of Nuclear Energy (CCHEN) to study the potential recovery of uranium from the productive processes of the company's northern division has experienced important advances.

In particular, the company and the CCHEN have already discovered concentrations of such metal in the solutions and waste piles resulting from the hydrometallurgical works at Radomiro Tomic (part of the division) and are anxious to construct a recovery pilot plant.

Uranium metal is mainly employed for nuclear technology, although it first must be enriched in order to serve such purpose. This process can only be performed by countries that have a management plan laid out for said technology. In any event, Codelco expects that uranium mining could yield profits of between US\$20 and US\$100 million, in accordance with calculations performed in 2008.

Codelco and CCHEN began to work together three years ago when they signed a framework agreement in order to analyze the possibility of extracting uranium from the mineral and annexed work sites. This first phase has come to its completion with successful results.

Upon verifying the work's positive outcome, the second phase –now in process- was undertaken.

The company officially declared the following: "Indeed, interesting uranium contents exist in the solutions and waste piles of the metallurgical works at the Work Center Radomiro Tomic of Codelco North". Likewise, the company explained that laboratory investigation has been underway for the past

¹ Founded in 1988, *Diario Financiero* is a leader in financial news.

The Pearson Group, an international communications company and owner of the renowned **Financial Times** and **The Economist**, among other editorials, held interest in *Diario Financiero* from 1995 till 2005, thereby molding the personality of DF to this day. Grupo Claro is now the majority stockholder.



Announcement

Date: 21st June, 2010

three years in order to demonstrate the technical and financial feasibility of recovering such uranium contents, in addition to molybdenum, as subproducts of copper mining, which is their core business.

Further official statements of the company expose that "a pilot plant shall begin operating next September. Such plant is currently under construction with joint financing by Codelco Norte (the Northern division of Codelco) and the CCHEN".

From the beginning, the CCHEN has advised such task by virtue of the technological cooperation agreement signed in May of 2008.

Due to uranium's strategic nature, the CCHEN must supervise any and all discovery or exploration of this element.

Other surveyed areas

The area comprised by Codelco North is not the only area in which the CCHEN is carrying out works to detect uranium concentrations.

In fact, the commission notified the International Association of Atomic Energy (IAEA) of its discovery of 1,200 radiometric and geochemical anomalies, as well as of 80 uranium and thorium occurrences and 70 areas of interest.

As for additional details, 10 uranium and thorium surveys have been analyzed, of which advanced information is available for four: the District of Algarrobo, Sierra Gorda and Pampa Larga, in the Region of Antofagasta; and Cerro Carmen in the Region of Atacama, under joint prospecting with Enami.
