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Hot Chili Near Doubles Resource at Productora Copper Project, Chile

Expanded Inventory puts Productora on Track for Decision to Mine in 2014

- First major resource upgrade near doubles Productora resource to 165.2Mt grading 0.6% copper, 0.1g/t gold and 132g/t molybdenum
- Contained metal of 920,000 tonnes of copper, 590,000 ounces of gold and 22,000 tonnes of molybdenum
- Resource from surface (no pre-strip)
- 43% Indicated and 57% Inferred classification

Increased High-Grade Resource in Planned Central Pit Development

- Definition of a second major zone of high grade material located within the planned central pit development.
- High grade material within central pit development now stands at 53Mt grading 0.8% copper and 0.2g/t gold from surface in two zones.
- Growth in high grade, shallow resources substantially enhances the economics of Productora.

Drilling Underway for Next Major Resource Upgrade Later This Year

- Multiple, wide drilling intersections recorded for over 2km along the eastern flank of resource within planned central pit development.
- Drilling to focus on resource additions along eastern flank of resource with 4 drill rigs in operation at Productora.
- Additionally, a further 2km of northern and southern strike extensions scheduled to be drilled in 2013.

ASX Code

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Hot Chili (ASX Code: HCH) is pleased to announce that it has near doubled the resource at its Productora copper project in Chile.

The resource at Productora now stands at 165.2Mt grading 0.6% copper, 0.1g/t gold and 132g/t molybdenum containing 920,000 tonnes of copper, 590,000 ounces of gold and 22,000 tonnes of molybdenum.

Importantly, high grade, shallow resources have grown substantially and now stand at 53Mt grading 0.8% copper and 0.2g/t gold following the definition of a second major zone of high grade material located within the planned central pit development.

A substantial new drilling program, now underway, is expected to result in another major resource increase at Productora later this year.

Hot Chili Chairman Murray Black said the Company had met its key major growth target in line with the timetable it had provided to the market.

"The project continues to deliver strong growth and the Company is on track to establishing Productora as one of the leading large-scale copper developments in Chile's coastal range," Mr Black said.

"Our focus now is to deliver a second major resource upgrade in parallel with the completion of a Pre-feasibility study to be released in the second half 2013."

A major drilling programme has commenced at Productora utilising 4 multi-purpose diamond (DD) and reverse circulation (RC) drilling rigs. A total of 85,000m of RC and 15,000m of DD drilling has been planned to deliver strong resource growth and development at Productora in 2013. In particular, the programme aims to achieve:

- A second major up-grade to the Productora copper-gold-molybdenum resource,
- A maiden iron ore resource estimation for the parallel and western magnetite zones, and
- Completion of metallurgical, hydrogeological and geotechnical drilling programmes.





First Resource UpGrade at Productora- Existing Resource Near Doubles in Size

The initial Productora central resource estimate released in September 2011 (85.1Mt grading 0.6% copper, 0.1g/t gold and 146ppm molybdenum for 483,000 tonnes of copper, 290,000 ounces of gold and 12,418 tonnes of molybdenum), has now been substantially increased.

The central resource was confined to the central lease area, equating to 1.4km of strike extent of the Productora copper project. The updated resource estimate extends the central area resource to the north and south, and accounts for the definition of at-surface copper resources over a strike extent of approximately 7.5km.

Further resource potential remains within the 7.5km of strike extent with several areas of the resource remaining open along strike, on the eastern and western flanks, and at depth.

The mineral resource estimate for Productora now stands at 165.2Mt grading 0.6% copper, 0.1g/t gold and 132g/t molybdenum for 920,000 tonnes of copper, 590,000 ounces of gold and 22,000 tonnes of molybdenum.

The mineral resource estimate was completed by independent consultants Coffey Mining Pty Ltd and is summarised in Tables 1 and 2 below. The resource estimate includes all RC and DD drilling results returned from outside of the central resource area since August 2011.

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 2012). A summary of the estimation methodology and competent person statement is included at the end of this announcement.

Classification	Resource Series	Tonnage	Grade				Contained Metal			
	(+0.3% Cu)		Cu	Au	Мо	Cu Eq*	Copper	Gold	Molybdenum	Copper Eq*
			%	g/t	g/t	%	(Tonnes)	(Oz)	(Tonnes)	(Tonnes)
INDICATED	Res Upgrade 1	39,400,000	0.6	0.1	124	0.8	230,000	150,000	5,000	310,000
	Central Resource	31,200,000	0.6	0.1	159	0.8	190,000	110,000	5,000	250,000
	Total	70,600,000	0.6	0.1	140	0.8	420,000	260,000	10,000	560,000
INFERRED	Res Upgrade 1	40,600,000	0.5	0.1	110	0.7	200,000	130,000	4,000	270,000
	Central Resource	54,000,000	0.6	0.1	138	0.7	300,000	180,000	8,000	400,000
	Total	94,600,000	0.5	0.1	126	0.7	500,000	310,000	12,000	670,000
TOTAL	Res Upgrade 1	80,000,000	0.5	0.1	117	0.7	440,000	290,000	9,000	580,000
	Central Resource	85,200,000	0.6	0.1	146	0.8	480,000	290,000	13,000	650,000
	Total	165,200,000	0.6	0.1	132	0.7	920,000	580,000	22,000	1,230,000

 Table 1 - Productora Mineral Resource Statement - February 2013

Note: Figures in the above table are rounded and are reported to one significant figure in accordance with Australian JORC code 2012 guidance on mineral resource reporting.





The resource includes a larger proportion of Indicated material than the first resource estimate, with approximately 43% of the resource estimate now comprising Indicated material and 57% Inferred material. The majority of the Indicated resource lies within the first 250m from surface. The shallow nature of the resource looks likely to underpin a high in-pit conversion rate.

The quantity of higher grade copper within the deposit with an increasing cut-off grade is outlined in table 2.

Classification	Reporting cut-off	Tonnage	Grade				Contained Metal				
			Cu	Au	Mo	Cu Eq*	Copper	Gold	Molybdenum	Copper Eq*	
			%	g/t	g/t	%	(Tonnes)	(Oz)	(Tonnes)	(Tonnes)	
INDICATED	0.10	161,600,000	0.4	0.1	109	0.6	570,000	390,000	14,000	770,000	
	0.20	89,300,000	0.5	0.1	128	0.7	460,000	300,000	11,000	620,000	
	0.30	70,600,000	0.6	0.1	140	0.8	420,000	260,000	10,000	560,000	
	0.40	60,700,000	0.6	0.1	148	0.8	380,000	240,000	9,000	510,000	
	0.50	45,200,000	0.7	0.1	158	0.9	310,000	200,000	7,000	410,000	
	0.60	27,300,000	0.8	0.2	171	1.0	220,000	140,000	5,000	280,000	
INFERRED	0.10	312,600,000	0.4	0.1	98	0.5	860,000	580,000	19,000	1,140,000	
	0.20	127,100,000	0.5	0.1	114	0.6	580,000	370,000	14,000	770,000	
	0.30	94,600,000	0.5	0.1	126	0.7	500,000	310,000	12,000	670,000	
	0.40	74,400,000	0.6	0.1	134	0.8	430,000	110,000	10,000	570,000	
	0.50	49,700,000	0.6	0.1	146	0.9	320,000	200,000	7,000	420,000	
	0.60	25,700,000	0.7	0.1	166	1.0	190,000	120,000	4,000	250,000	
TOTAL	0.10	474,300,000	0.4	0.1	100	0.5	1,430,000	960,000	33,000	1,910,000	
	0.20	216,300,000	0.5	0.1	120	0.7	1,040,000	660,000	25,000	1,380,000	
	0.30	165,200,000	0.6	0.1	132	0.7	920,000	580,000	22,000	1,230,000	
	0.40	135,100,000	0.6	0.1	140	0.8	810,000	510,000	19,000	1,080,000	
	0.50	94,900,000	0.7	0.1	152	0.9	640,000	400,000	14,000	840,000	
	0.60	53,000,000	0.8	0.2	168	1.0	410,000	260,000	9,000	540,000	

Table 2 - Productora Resource by Reporting Cut-off- February 2013

Note: Figures in the above table are rounded and are reported to one significant figure in accordance with Australian JORC code 2012 guidance on mineral resource reporting.

A nominal +0.3% copper grade shell model was utilised to constrain the block model resource estimation. The average depth of the resource estimate base is approximately 400m from surface.

In addition, a low grade +0.1% copper grade shell model was also utilised to calculate the quantity of low-grade material that exists in the surrounding breccia hosting corridor. The company's





recently completed scoping study indicated a potential future marginal economic cut-off grade for Productora to be approximately +0.2% copper.

It is important to note that the low grade material surrounding the resource may add further to the definition of additional potential in-pit tonnage at Productora.

The resource is significantly enhanced by the presence of two substantial zones of high grade material located within the planned central pit development at Productora. This material now equates to approximately 53Mt grading 0.8% copper and 0.2g/t gold from surface.

Figure 1 illustrates the distribution of grade and tonnes within the resource estimate using increasing minimum copper cut-off grade and including the additional low-grade material outside of the nominal +0.3% copper grade shell.



Productora Grade Tonnage Curve

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

The Productora resource is now defined over 7.5km in strike length with a further 2km of strike potential to the north and south remaining to be tested as shown in Figure 2.





Mineralisation at Productora has remained consistently associated with a series of vertical lodes and some minor sub-horizontal lodes (mantos zones) within a felsic volcanic country rock which 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 predominantly associated with malachite.

The resource extends from surface with transitional and sulphide material dominant and accessible from near-surface owing to the limited distribution of surface oxide material over the deposit. Figure 3 displays a type-section of the resource.

The identification of a second, near-surface zone of high grade copper and gold as part of the first resource upgrade has continued to enhance the economic potential of the project. The new zone is located within the CCHEN South area and equates to 24.9Mt grading 0.8% copper and 0.2g/t gold from shallow depth as illustrated in Figure 4. This area has the potential to act as a starter-pit location that may allow access to higher revenue material at the beginning of potential future mining operations.







Figure 2 - Oblique view of resource model for the Productora copper project, Chile

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Figure 4 - Oblique view of the high grade, large-tonnage zone within the CCHEN South area of the Productora copper project, Chile

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Second Resource Upgrade - Large Extensional Drilling Programme Underway

Hot Chili has commenced a major extensional drilling programme at Productora for 2013, comprising 85,000m RC and 15,000m of DD drilling. The drilling will focus on the immediate extensions that have been confirmed along the eastern margin of the central area of the Productora resource for over 2km.

The addition of any new resources along the eastern or western margins of the resource and located within the planned central pit development has the potential to rapidly add in-pit tonnes to the project.

In addition, drilling is scheduled to test the remaining 2km of strike extent over the identified 9.5km deposit footprint at Productora. The company has already confirmed drilling intersections of high-grade gold and wide zones of copper mineralisation from the southern extension of the deposit at Sierra Zapallo.

A second major resource upgrade for the Productora copper project is expected in the second half of 2013.

Iron Ore Resource Definition at Productora in 2013 - Drilling to Commence in Coming Months

A drilling programme comprising approximately 20,000m of RC is planned to assess two large zones of magnetite identified within the Productora landholding.

The parallel magnetite zone lies immediately along the western flank of the Productora coppergold-molybdenum resource with a large component of the potential iron zone likely to be within the western waste-rock wall of the Company's planned pit development.

The Western magnetite zone is approximately 6km in strike extent within Hot Chili's 100 per centowned landholdings on the western extent of the project. Preliminary drilling undertaken by Hot Chili has confirmed the presence of a very large, shallowly dipping magnetite zone from surface.

The definition of iron ore resources for the Productora project is a parallel stream of work aimed at facilitating further co-operation with Hot Chili's strategic shareholder and major project partner Compañia de Aceros del Pacifico (CAP) and its operating subsidiary Compañía Minera del Pacífico S.A. (CMP).

In July 2012, CMP and Hot Chili executed two non-binding Letters of Intent (LOI) to co-operate on technical studies and commence negotiation for a joint infrastructure and iron production option for the Productora copper project.

Any such future development of an additional iron source in such close proximity to CMP's existing iron processing and transport network has the potential to add significantly to CMP's current production expansion at its existing operations. It also has the potential to add another valuable revenue stream to Productora.





Figure 5- Plan showing the extent of the Productora resources and the focus for 2013 drilling

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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

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

Competent Person's Statement

The information in this report that relates to the Central Mineral Resource, Productora is based on information compiled by Alf Gillman, who is a fellow of the Australasian Institute of Mining and Metallurgy. Alf Gillman is a director of Odessa Resources Pty Ltd, and has sufficient experience in mineral resource estimation, which is relevant to the style of mineralisation and type of deposit under consideration. He is qualified as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Alf Gillman consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information in this report that relates to Mineral Resource estimates outside of the Central Mineral Resource is based on information compiled by Aloysius Voortman and Fleur Muller. Aloysius Voortman is a Fellow of the Australasian Institute of Mining and Metallurgy, and Fleur Muller is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Aloysius Voortman is an employee of Coffey Mining, and Fleur Muller is an employee of Hot Chili Ltd, and both have sufficient experience in mineral resource estimation, which is relevant to the style of mineralisation and type of deposit under consideration. Mr Voortman and Mrs Muller are qualified as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Both Mr Voortman and Mrs Muller consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.





RESOURCE ESTIMATION METHODOLOGY SUMMARY

- The Productora project is located 540km north of Santiago, Chile. The deposit extends over 7.7km along strike and up to 300m in width.
- Copper-gold-molybdenum mineralisation is predominantly hosted within a structurally-controlled breccia/fracture network within a larger body of K-feldspar-tourmaline-magnetite breccia.
- The deposit is defined by 70% RC drilling and 30% diamond drilling on a nominal 80m north-south x 40m east-west drill grid. Holes were drilled using a 090° azimuth with an average dip of -60°.
- Samples were collected on 1m intervals and submitted to ALS in La Serena for ME-ICP61 analysis, comprising 4-acid digestion followed by ICP-OES determination. Results in excess of 10,000ppm Cu were re-assayed using Cu-AA62 analysis comprising 4-acid digestion followed by AAS measurement to 0.001%Cu.
- Field duplicates were collected at a rate of 1:50 with standards and blanks inserted at a rate of 1:100. All results are within acceptable limits and indicate no problems with sampling. During a site visit in November 2012 independent check sampling of a number of randomly selected RC rejects was done to verify the original assay values; no relevant deviations from the original assay values were observed. The ALS analytical laboratory in La Serena was visited and no ground for concern with either routine sample preparation or sample assaying were found.
- 3D wireframes were constructed using lower thresholds of 0.1%Cu and 0.3%Cu within a breccia shell. Oxidation surfaces were constructed based on visual logging of the weathering profile by site geologists.
- A total of 566 bulk density and 730 pycnometer results were used to estimate the average density values applied in the
 resource model. Values were averaged by weathering surface, with averages depending on the individual deposit area
 varying from 2.58g/cm3 to 2.80g/cm3 for oxide & transition material and from 2.62g/cm3 to 2.80g/cm3 for fresh
 material.
- Samples were composited to 1m, with 134,683 samples available for interpolation. Top-cuts were studied and used for all areas: for the Southern models topcuts of .8% Cu, 0.4g/t Au and 500ppm Mo were used for the low grade lodes and of 2.5% Cu, 0.6g/t Au and 900ppm Mo for the high grade lodes, for the Northern models topcuts of 0.8% Cu, 0.4g/t Au and 800ppm Mo were used for the low grade lodes and of 1.0% Cu, 0.8g/t Au and 1000ppm Mo in the high grade lodes. The topcuts have negligible impact on mean values of the data distributions but are employed to restrict smearing of high assay values.
- All assay data was used to derive relevant variogram models for the southern area (CMP South and CCHEN South models) and the northern area (CCHEN North and CMP North models). Spatial structures, apart from the down-hole variograms, are not well defined and variogram models were determined after Gaussian anamorphism, back-transformation of model parameters and scaling to the variance of the sampling data for the relevant areas. The major, semi-major and minor variogram directions were oriented following the orientation of the mineralised lodes with sample searches following the same rotation. As a result, a large sample search is used to obtain relevant block estimates. In general, maximum ranges of influence are in the order of 70m along strike and down dip in the southern areas and 85m along strike and 75m down dip in the northern areas.
- The assumed mining scenario for which the block model was constructed is a shallow to medium depth open pit that will use bulk mining from benches with a bench height of 8m or more. In relation to the 80mx40m drilling spacing with locally 40mx40m drilling coverage (CCHEN South area), the resource model is estimated on a parent cell size of of 20m East by 40m North by 8m RL, with subcelling to 2.5m East by 5m North by 1m RL. The block model is a smoothed global resource model that is fit-for purpose for longer-term mine planning and does not reflect smaller tonnages with higher grades that may be obtainable using more selective mining in higher grade portions at smaller SMU sizes in the final mining operation.
- Estimation interpolation was via Ordinary Kriging with Cu, Au and Mo values used to populate cells in three subsequent kriging passes. All assay values used in the block estimation have been top-cut except the Cu assay values used for the estimation of the high grade lodes that make up the high grade core of the CCHEN South deposit covered by a nominal 40x40m drillhole spacing. The average block estimate for all high grade lodes in the CCHEN South deposit is 0.60% Cu with an uncut input assay data value of 0.629% Cu and a cut input assay value of 0.627% Cu.
- The block model has been flagged with all individual low grade and high grade wireframes, base of oxidation, top of fresh, average block bulk density, and codes for oxidation state and resource classification, and individual deposit area.
- The resource classification process was completed in two steps with an initial classification depending on the estimation pass, the distance to nearest drillhole data and the number of samples accessed during the estimation. In general the first pass employed a restricted number of samples with a minimum of 8 for the southern models and 12 for the northern models and a maximum number of 16 samples. The minimum numbers were decreased in the second and third





estimation passes to 4 and 2 respectively for the southern models and 8 and 3 for the northern models. Sample searches were based on a limited kriging neighbourhood analysis and were defined to achieve a global resource model with an unavoidable but acceptable amount of conditional bias and smoothing. Block estimation results were verified visually on screen and using the results for the theoretical regression slope. Resources in the southern portion of the CMP South model situated in shallow dipping mantos structures were classified as Inferred resource only as there is currently insufficient data for defining a separate variogram model for this type of mineralisation. The relaxing of the data cut-off policy for the higher grade lodes in the CCHEN South model area is justified by the understanding of the geology as gained from the near-by underground mining operation and the better than average drillhole coverage at a nominal 40mx40m drillhole spacing for that area.

Available QAQC information did not indicate unexpected results and the independent check sampling of a random number of RC rejects returned results as expected. The available database is deemed fit-for-purpose for the estimation of the current block model at the selected parent cell size. Available density information is mainly based on pycnometer data in the northern models but where bulk density measurements have become available from diamond core samples, the pycnometer data are supported albeit with a decrease in the average density value of approximately 5%. The geological model is well supported by independent geological and structural mapping and by observations from the underground mining operation. Mineralised structures have been extrapolated to depth and this has been taken into account during the resource classification. The current global block model is fit-for-purpose for a conceptual open pit study and for longer-term mine planning.