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ASX ANNOUNCEMENT

Friday 13th April 2012

Trial Mining Commences to Test Grade Up-Side of Productora Resource, Chile

New Resource Drill Results

- More higher copper grade drilling intersections within the inferred component of the Productora resource.
- Larger sample size continues to return higher copper grades.

Productora Trial Mining Commences

- Hot Chili has agreed to allow lease mining company Playa Bravo to develop a new 250,000 tonne underground mine at Productora
- New trial mining development will allow Hot Chili to assess copper grade performance over an even larger sample size and will significantly strengthen development studies.

Productora Resource Drilling Results

70m grading 0.9% Copper Equivalent*

(0.7% copper, 0.1g/t gold, 199ppm molybdenum,

from 119m down-hole

Drill hole finishes in mineralisation

including 27m grading 1.3% Copper Equivalent*

(1.0% copper, 0.2g/t gold and 285ppm molybdenum

56m grading 0.9% Copper Equivalent*

(0.7% copper, 0.2g/t gold, 193ppm molybdenum

from 150m down-hole

66m grading 0.8% Copper Equivalent*

(0.5% copper, 0.1g/t gold, 287ppm molybdenum

from 269m down-hole

ASX Code

HCH

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Development studies at Hot Chili's (ASX Code: HCH) flagship Productora copper-gold-molybdenum project located in Chile have been significantly strengthened by the commencement of a new 250,000 underground mining operation.

Lease mining company Playa Brava will operate the new mine in conjunction with their current underground mining operations at Productora. In cooperation with Playa Brava, Hot Chili will be allowed full access to the new underground mine to undertake resource-mining-processing reconciliation work.

The company is also significantly encouraged by the return of further higher grade copper results from resource drilling being directed towards the inferred component of the Productora central resource. The results again confirm that larger sample size produces a better analysis of copper grade at Productora, indicating that the inferred component of the current central resource may have been underestimated.

Importantly, the new operation presents a trial mining opportunity to measure the performance of the resource copper grade through mining and processing over a bulk tonnage area of the deposit.

New Resource Drill Results- Larger Sample Size Continues to Produce Higher Copper Grade

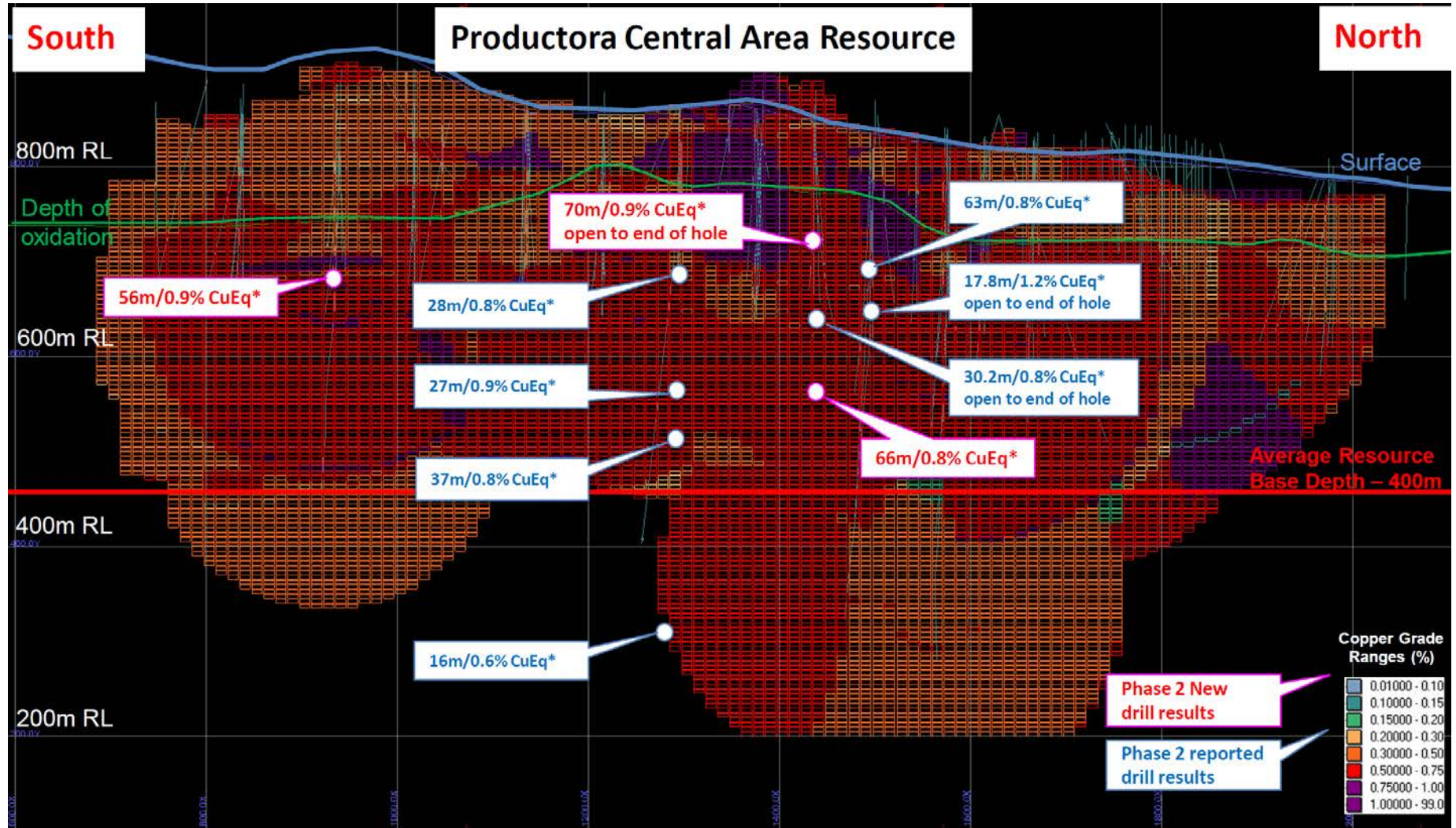
Resource up-grade drilling underway within the central resource area of the Productora project continues to produce higher grade copper results. The second-phase resource drilling programme, comprising approximately 5,000m of Diamond (DD) and some Reverse Circulation (RC) drilling, is well advanced with 10 drill holes now complete. The drilling is in addition to a major +65,000m extensional RC drilling programme being completed at Productora.

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**), comprised approximately 37% indicated resources.

Initial DD drilling using a smaller half core sampling methodology reported poor copper grade reconciliation in comparison to RC assay results within the resource. The phase 2 drilling programme is using larger whole core analysis and to date has produced higher copper grade results than those recorded in the initial DD drilling phase. The second phase resource drilling programme is planned to continue for the remainder of 2012 and aims to increase the amount of indicated resources within the central resource in parallel with the progress of development studies.

Recent results received continue to show better grade reconciliation with the upper indicated component of the Productora central resource (approximately 0-200m vertical depth zone). The results support the company's earlier assessment that smaller sized diamond core had contributed towards a potential underestimation of the copper grade within the inferred component of the first resource (approximately 200-400m vertical depth zone).

New drill results, including **56m grading 0.7% copper and 0.2g/t gold from 150m down-hole**, are shown on figure 1.



New Significant Diamond Drilling Intersections at the Productora Central Area Resource



Analysis of results confirms that significant intersections are being recorded in expected positions providing further confidence in the vertical continuity of the resource. The selection of larger sample size for diamond drilling is producing better grade continuity with depth and in almost all results has recorded a better copper grade than the copper grade estimated in the first resource.

Assessing the potential for upside to any further increase in the copper grade at Productora remains a high-priority for Hot Chili. The company will prepare a revision to the central area resource upon completion of the drilling programme.

New Underground Mine Commences- Trial Mining Opportunity Strengthens Development Study

In cooperation with lease mining company Playa Brava, Hot Chili will be allowed access to conduct detailed reconciliation over a new 250,000 tonne underground mining operation that Playa Brava will mine within the centre of the Productora central resource.

Under the terms of Hot Chili's current 100% purchase-option agreement over the central lease at Productora, Playa Brava are able to mine a capped amount of production prior to the exercise of the option which is planned by Hot Chili in late 2012. Playa Brava is currently mining approximately 120,000 tonnes pa of ore material from the Productora underground operation located within the northern extent of the Productora central area resource (excised from the resource).

The agreement with Playa Brava will see the lease miner able to secure 250,000 tonne of ore production at the new underground located approximately 400m to the south of the current Productora underground (figure 2). In return, Hot Chili will gain the right to undertake a detailed resource-mining-processing reconciliation project over the course of life at the operation.

The company is very pleased with the opportunity to be able to significantly enhance the rigour and value of its development studies through its cooperative relationship with lease miner Playa Brava. The results of the trial mining reconciliation project will be used to assess copper grade performance with a mine-scale sample size and ultimately support a decision to mine at Productora by late 2013.

Development has already commenced on a box-cut for a new decline access and Hot Chili will shortly be assigning an internal team to manage reconciliation activities.

Extensional RC Drilling Programme- Update

Two RC drill rigs are rapidly progressing the company's +65,000m extensional RC drilling programme. At present, the Company has two RC drill rigs focussed on the northern and southern extents of the project.

Hot Chili is on-track to complete all first-pass drilling over the entire 9.5km long deposit footprint by late April. This drilling will provide an early indication of the potential magnitude of the Productora copper deposit. Following this, a staged programme of resource in-fill drilling will begin over high priority areas outlined for resource definition.

The company is targeting the release of a major resource up-grade at Productora for the September quarter 2012.

A large number of assay samples are currently being processed from the extensional RC drilling programme and the company expects to announce results shortly.





Managing director Christian Easterday commented: "Effectively the new 250,000 tonne underground mine presents an opportunity for a trial mining exercise in advance of our decision to mine at Productora in late 2013"

"The confidence that can be provided by this exercise is something that is very attractive for our company and we certainly want to know the true relationship between increased sample size and higher copper grade at an early stage"

"Any further increase in the copper grade at Productora will add significantly to project economics and continue to position Productora prominently within the ranks of higher grade large-scale coastal range copper project in Chile"

"The results of this trial mining significantly strengthens the company's position to deliver a decision to mine on a 20 year mine life, 10Mtpa open pit copper operation at Productora"

The company looks forward to reporting more news flow from its fully funded 2012 development plan for the Productora copper project over the coming weeks and months ahead.

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or visit Hot Chili's website at www.hotchili.net.au



Productora Resource- New Significant Drilling Intersections

Hole_ID	Coordinates		Azim.	Dip	Intersection		Interval (m)	Copper	Gold	Molybdenum	Copper Eq*
	North	East			From	To		(% Cu)	(g/t Au)	(ppm Mo)	(% Cu)
PR0193	6821991	323229	90	-60	119	189	70	0.7	0.1	199	0.9
	open to end of hole			<i>including</i>	125	152	27	1.0	0.2	285	1.3
PRP0082D	6821984.3	323369	90	-60	255.8	262	6.2	0.5	0.1	321	0.8
					269	335	66	0.5	0.1	287	0.8
PRP0086D	6821484.4	323189	90	-60	150	206	56	0.7	0.1	193	0.9
					266	275	9	0.5	0.1	117	0.6
					381	391	10	0.7	0.1	370	1.0
					405	410	5	0.5	0.1	92	0.7
PRP0125D	6821684.4	323179	90	-60	314	341	27	0.4	0.1	185	0.6

Note:

- All drill holes with pre-fix "PRP" are reverse circulation (RC) and all drill holes with suffix "D" are diamond holes.
- Results comprise ICP analysis (ME-ICP61) of all 1m whole core samples; 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%.
- 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.
- All results were analysed by ALS Chemex (La Serena) laboratories.



Productora Copper-Gold-Molybdenum Project

The Productora project is Hot Chili's flagship project in Chile. The project is located 15km south of the township of Vallenar, at low altitude (less than 1,000m) in Chile's 3rd region. Since drilling commenced in August 2010, the Company has outlined a large-scale, bulk tonnage copper-gold-molybdenum project amenable to open pit mining. In September 2011, the Company defined its first resource estimate from within the central 1.4km extent of the project, reporting a JORC compliant resource of 85.1Mt grading 0.6% copper, 0.1g/t gold and 146ppm molybdenum (0.8% copper equivalent) for 483,000 tonnes of copper, 290,000 ounces of gold, 12,418 tonnes of molybdenum (644,000 tonnes of copper equivalent).

Significant exploration has outlined a 9.5km deposit footprint at Productora where extensional drilling by Hot Chili and previous explorer Teck has already confirmed significant drilling intersections over 5.7km strike extent so far. The Company has commenced a major second-phase drilling programme to achieve rapid resource growth and is planning to fast-track a decision to mine by late December 2013. Preliminary economic benchmarking has indicated robust economics for a potential future open-pit operation ideally located to existing infrastructure including the PanAmerican Highway, rail, power and port (40km distance) as shown on Figure 1.

The Company formally commenced a scoping study over Productora in early January 2012. Leading engineering and project development group AUSENCO have been appointed to manage the scoping study with the assistance of Hot Chili's own development study management team.

The Company is aiming to establish a significant resource base at Productora from an identified 280 – 320M tonne target mineralisation at similar grade to that estimated in the first resource announced from the centre of the project. The Productora target mineralisation is summarised in Table 1 below.

Table 1 Productora Target Mineralisation

Productora Target Mineralisation								
	Tonnage (Mt)		Grade			Contained Metal		
	From	To	Unit	From	To	Unit	From	To
Copper	280	320	%	0.5	0.7	Tonnes	1,400,000	2,240,000
Gold	280	320	(g/t)	0.1	0.2	Ounces	900,223	2,057,653
Molybdenum	280	320	(g/t)	120	180	Tonnes	33,600	57,600
Copper Eq*	280	320	%	0.7	1.0	Tonnes	1,876,000	3,168,000

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



Productora Infrastructure Location

- 40km distance to Huasco Port (Controlled by CAP/CMP – HCH project partner)
- 15km south of township of Vallenar
- Linked adjacent to PanAmerican Hwy, CMP rail corridor to Port and near-by power stations





*** 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)x0.0008 + Au(ppm)x0.6832

Price Assumptions- Cu (US\$1.80/lb), Mo (US\$15/lb), Au (US\$850/oz)

Target Mineralisation

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JORC Compliant Resource Statement- Reported 7th 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.

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.

Competent Person’s Statement- 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.

