

Hot Chili receives US\$8.7 million VAT refund payment from Chilean Tax Authority

Funds boost Hot Chili's cash position in advance of the commencement of drilling and PFS activities at the Productora copper project, Chile

Hot Chili (ASX: HCH) is pleased to announce that it has significantly strengthened its cash position with the receipt of approximately US\$8.7 million equivalent in Chilean pesos from the Chilean Tax Authority following approval by the Chilean Ministry of Economy.

On the 30th of June, Hot Chili announced execution of a US\$25 million debt facility (Facility) with Canadian resource financier Sprott Resource Lending Partnership. Following first draw-down of US\$10 million from the Facility and the receipt of the VAT refund exporting benefit payment (VAT Refund Payment), Hot Chili's cash balance now stands at approximately A\$22 million.

The VAT Refund Payment relates to the future exporting capacity of Hot Chili's Productora copper project in Chile. Hot Chili is now able to claim VAT Refund Payments for ongoing expenditure up to US\$643 million over the course of its development activities at Productora.

Under the terms of the Vat Refund Payment, the Company has until the 31st of December 2019 to commercialise production from Productora and meet certain export targets. Hot Chili also has the right to extend this term. In the event that the term is not extended and Hot Chili does not meet certain export targets, Hot Chili will be required to re-pay the VAT Refund Payments to the Chilean Tax Authority subject to certain terms and conditions. However, if Hot Chili achieves the export targets from Productora within that timeframe or its renewal, if required, any VAT Refund Payments will not be required to be re-paid.

Hot Chili is in discussions with Sprott Lending Partnership in relation to the US\$8.7 million VAT Refund Payment received.

The VAT Refund Payment by the Chilean Ministry of Economy and by the Chilean Tax Authority is very pleasing, and it reinforces Chile's proactive stance towards providing a stable and attractive destination for foreign investment.

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Date: 11th July, 2014

Hot Chili looks forward to shortly updating the market regarding the execution of a proposed joint infrastructure agreement with its project partner, Chilean resource major Compañía Minera del Pacífico S.A (CMP).

The Company is making final preparations in advance of the commencement of drilling and PFS activities at Productora. Details of Hot Chili's activity plan will be announced in the coming weeks.

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