

Highlights

ASX Listing

- Successful listing of Hot Chili on the Australian Securities Exchange (ASX) on 3rd of May following the completion of the company's Initial Public Offering (IPO) which closed early and heavily oversubscribed
- The issue of 40,000,000 ordinary shares in the company's IPO raised \$8 million ensuring a strong financial position

Productora Project

- Large radiometric footprint confirmed over the Productora project measuring over 4km in strike length
- Highest-grade results from various rock-chip samples:
802ppm uranium, 8.39% copper, 15.8g/t gold and 894ppm molybdenum

Los Mantos Project

- Over 2.5km cumulative strike length of mantos and vein hosted copper-gold mineralisation mapped in outcrop and existing surface mine development
- Highest-grade results from various rock-chip samples:
17.29 % copper, 710 ppm uranium, 2.0 g/t gold and 6,630 ppm molybdenum

Exploration Activity

Hot Chili's exploration activities during the quarter focussed on the completion of surface mapping and geochemistry programmes to assist in the design of a maiden drilling programme over the company's two advanced Chilean uranium-copper-gold projects; Productora and Los Mantos.

Productora Project

The Productora project is located in Chile's low-altitude coastal range belt, 15km south of the regional mining centre of Vallenar. Productora is the most advanced of Hot Chili's three Chilean projects, containing an operating underground copper-gold mine and rated by Chilean Commission for Nuclear Energy (CCHEN) as the country's largest identified uranium project. CMP, Chile's largest iron ore producer, is a major partner in the project.

Soil Sampling Programme

During the quarter, the company commenced a large surface soil geochemistry programme at Productora. A total of 976 multi-element soil samples were collected during the quarter and further soil geochemical sampling is continuing.

Compilation of these initial surface radiometric and geochemical soil sample results have revealed significant zones of anomalous copper and molybdenum showing close correlation with the primary corridor of mineralisation as defined by mapping and two primary IP chargeability anomalies.

Over the centre of the project, zones of anomalous copper, molybdenum and uranium in historical soil sample results undertaken by CCHEN were repeated by Hot Chili's programme.

Rock-Chip Sampling Programme

A total of 247 rock-chip samples have been collected at Productora during detailed litho-structural mapping of the project during the quarter. This sampling focussed on mineralised material from surface exposures along the main mineralised trend and returned several significant results as outlined in table 1 below.

Results of this work indicate that wide zones of copper mineralisation like that located at the operating Productora underground copper-gold mine and the abandoned St Innes mine are structurally located. Zones of higher grade uranium mineralisation are more discrete within the NE-trending fault zones which define the primary corridor of mineralisation. Importantly, recent results provide Hot Chili with further confidence of expected grade ranges for mineralisation at Productora.

Table 1. Selected Significant Surface Rock-Chip Sample Results from Productora

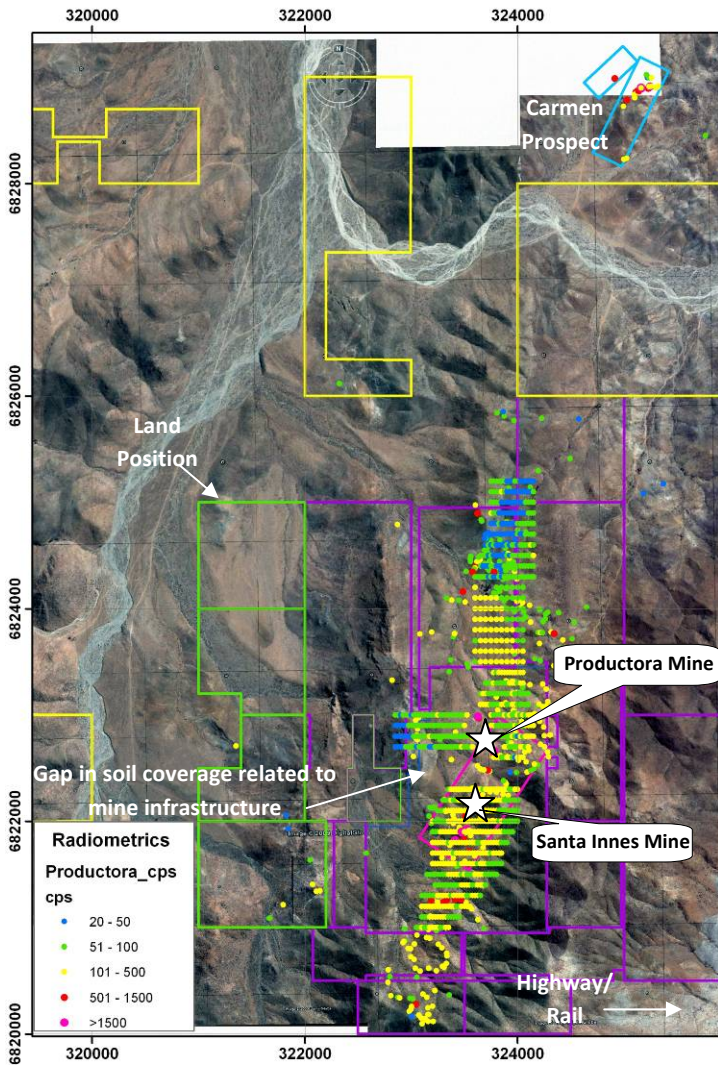
Sample ID	Easting (m)	Northing (m)	Copper	Uranium	Gold	Molybdenum	Cobalt
			(%)	(ppm)	(ppm)	(ppm)	(ppm)
PD0017	323632	6822971	8.39	90	0.3	265	10
PD0018	323632	6822971	1.22	150	0.4	455	205
PD0021	323580	6822179	0.86	640	1.2	789	5
PD0023	323631	6822233	1.98	240	0.2	432	5
PD0024	323631	6822233	0.13	740	0.0	66	3
PD0096	324495	6825411	4.57	<i>bd</i>	3.8	46	407
PD0100	323486	6824160	2.61	520	0.1	451	691
PD0131	323783	6822659	2.08	274	1.3	135	15
PD0136	324255	6822700	0.02	4	15.9	14	2
PD0146	325161	6828902	1.16	298	0.2	4	56
PD0147	325246	6828910	2.52	802	0.9	3	104
PD0150	323626	6822984	0.81	651	0.2	894	117
PD0228	323310	6820627	5.36	22	1.7	6	128
PD0247	323164	6820182	6.11	17	4.7	99	10
PD0254	322143	6821347	0.08	499	0.0	44	83

Note: *bd* represents below detection limit

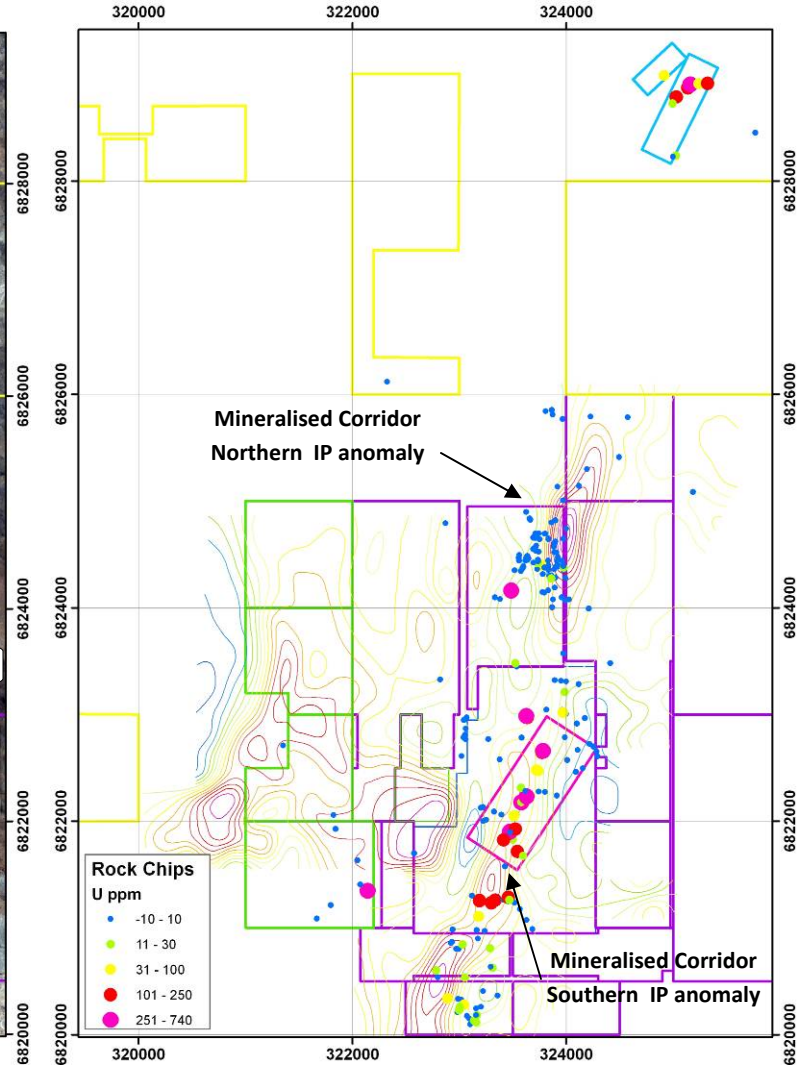
Drilling Programme and Airborne Survey Activity

Significant ground work has been completed to prepare for the commencement of a maiden RC drilling programme at Productora as soon as possible. A drilling programme comprising approximately 66 holes for 16,000m has been designed at Productora. Regulatory applications and associated environmental surveys are nearing completion and the company expects to commence a preliminary confirmatory drilling as soon as possible. A suitable clearing and drilling contractor is being sourced to undertake these activities.

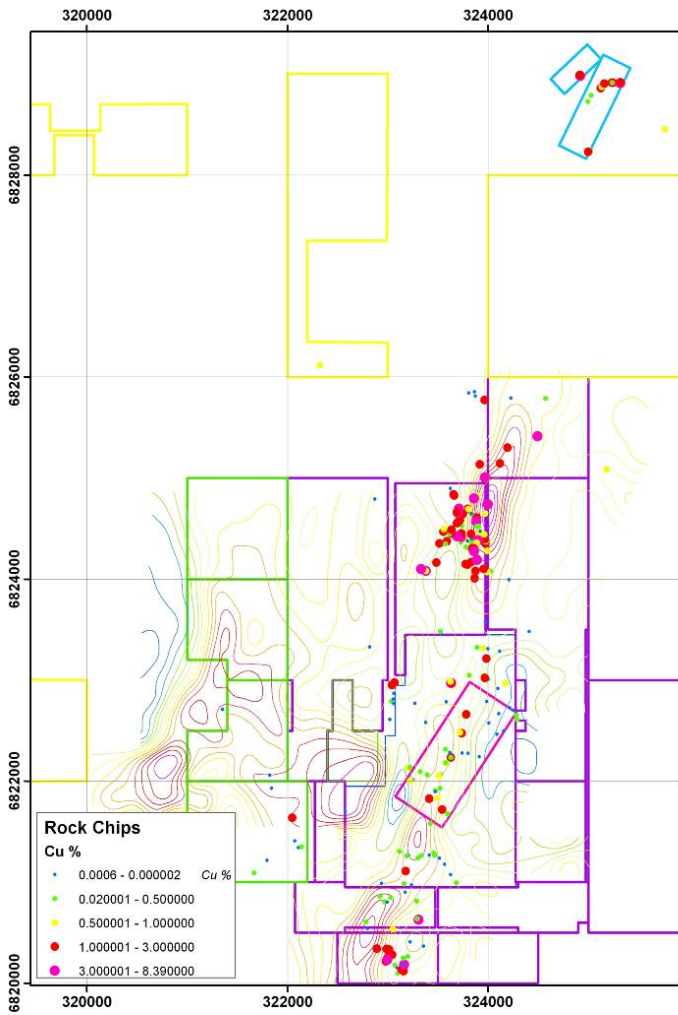
The company has engaged local Chilean geophysical company Geodatos SAIC to undertake a planned helicopter-based airborne magnetic and radiometric survey of Productora. A 644 line km survey is planned to commence at Productora in late July.



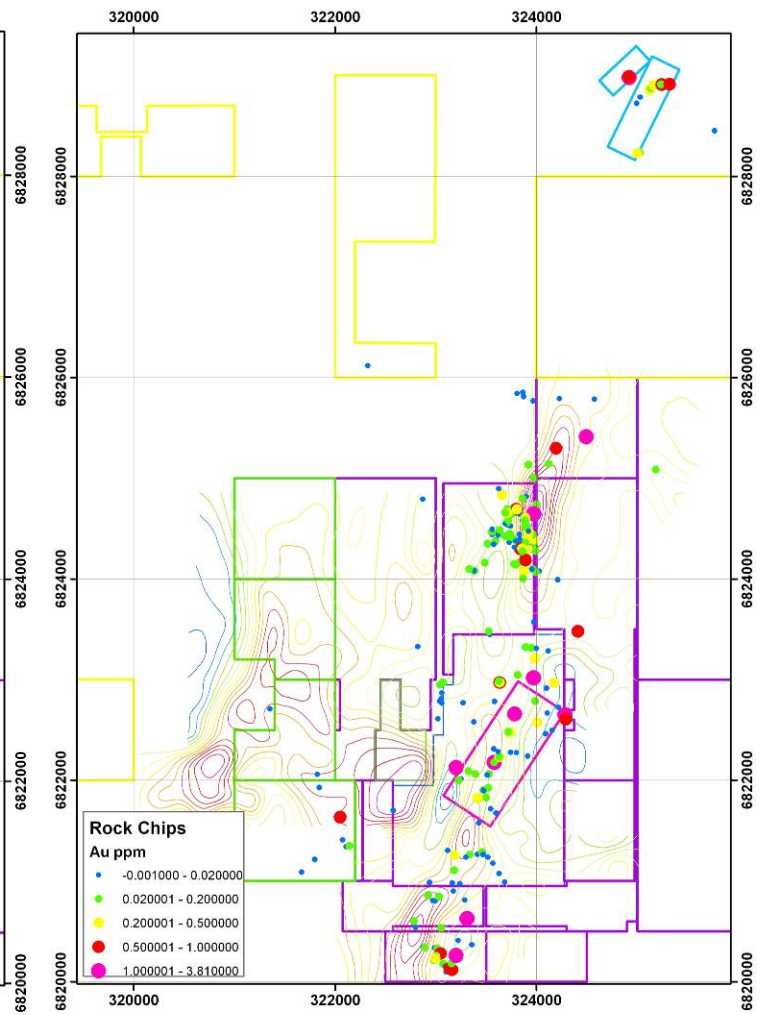
Productora Surface Radiometric Survey
(All Soil and Rock-Chip Data)



Productora Project Surface Rock Chip - Uranium
Results and IP Chargeability Anomalies



Productora Project Surface Rock Chip - Copper
Results and IP Chargeability Anomalies



Productora Project Surface Rock Chip - Gold
Results and IP Chargeability Anomalies

Los Mantos Project

The Los Mantos project is located in Chile's low-altitude coastal range belt, 60km south of the coastal city of La Serena and 15km west of the large Andacollo copper-gold mine. The project has seen significant small-scale historical surface and underground mining activity but as yet has not been drill tested. Under the terms of Hot Chili's five year purchase-option agreement, the owners of Los Mantos have been granted a concession to continue their small-scale surface and underground copper mining activity limited to a rate of 30,000 tonnes per annum.

Soil Sampling Programme

A programme comprising 998 surface soil samples were collected for multi-element analysis as well as radiometric measurement during the quarter. The soil samples were collected on 100m spaced sample lines with site sampling every 25m over the main mineralised corridor and every 50m outside of this corridor.

A total of 140 samples recorded results of greater than 0.1% copper. In combination with rock-chip sampling, the distribution of extensive low grade copper results in non-mineralised areas throughout the main zone has provided encouragement for bulk tonnage copper potential at Los Mantos.

Radiometric readings at each of the soil sample sites show an increasing response from north to south that correlates well with decreasing elevation.

Rock-Chip Sampling Programme

During the quarter, a total of 206 rock-chip samples were collected at Los Mantos as part of detailed litho-structural mapping campaigns by Hot Chili. This sampling mainly focussed on mineralised material from outcrop and exposures in surface mining development areas along the main mineralised trends.

Zoned Surface Results

Soil and Rock-chip results indicate that mantos style mineralisation throughout the northern zone of the project (dipping moderately towards the NE) comprises mostly copper and gold. The southern zone of the project exposes shear-vein hosted mineralisation (dipping moderately toward the SW) which is interpreted to lie at a lower structural level to that of the northern zone of the project. In this area, copper and gold mineralisation is also associated with enrichments of uranium and molybdenum. The average grade of rock chip sampling, mainly over mineralised material in these zones, is summarised in table two below.

Table 2. Average Surface Rock-Chip Sample Results from Northern and Southern Zones at Los Mantos

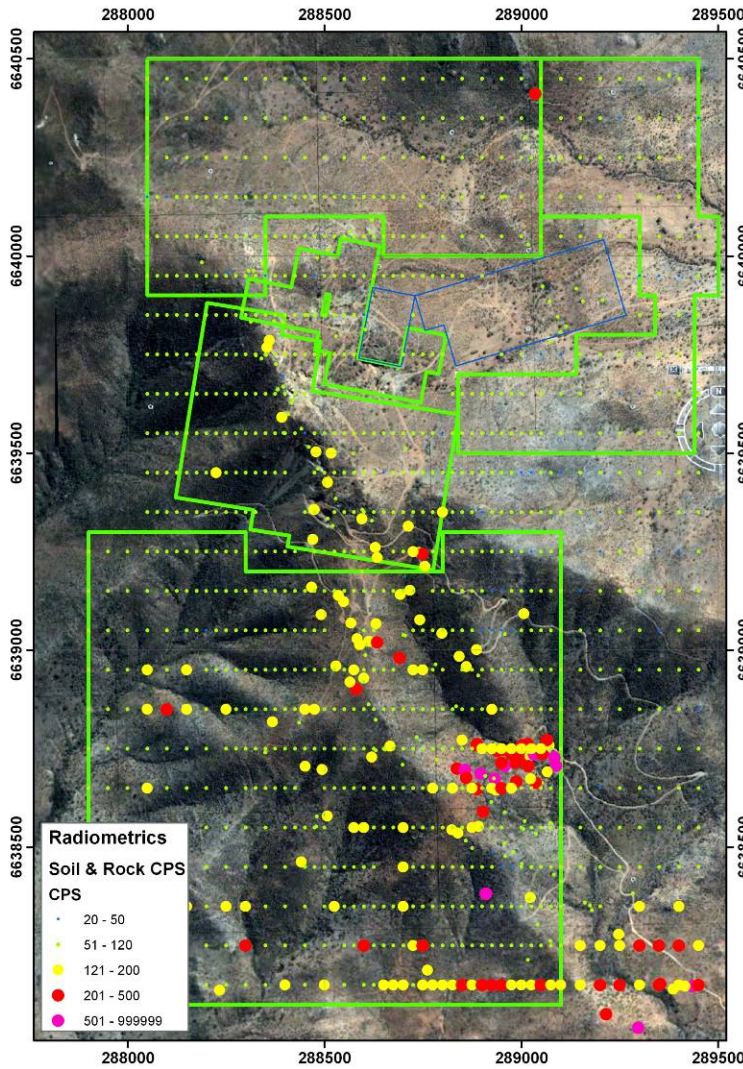
Zone	Samples	Average Grade					Mineralisation Style
		Copper	Uranium	Gold	Molybdenum	Cobalt	
		(%)	(ppm)	(ppm)	(ppm)	(ppm)	
Northern	154	1.96	4	0.16	56	112	mantos
Southern	52	2.73	61	0.19	268	156	vein/shear

The results of detailed mapping, radiometric and geochemical soil and rock-chip sampling have confirmed significant strike length, widths and grades of copper-gold mineralisation at the Los Mantos project. This work has also indicated a zoned enrichment of both uranium and molybdenum in copper-gold mineralisation at depth in the deposit.

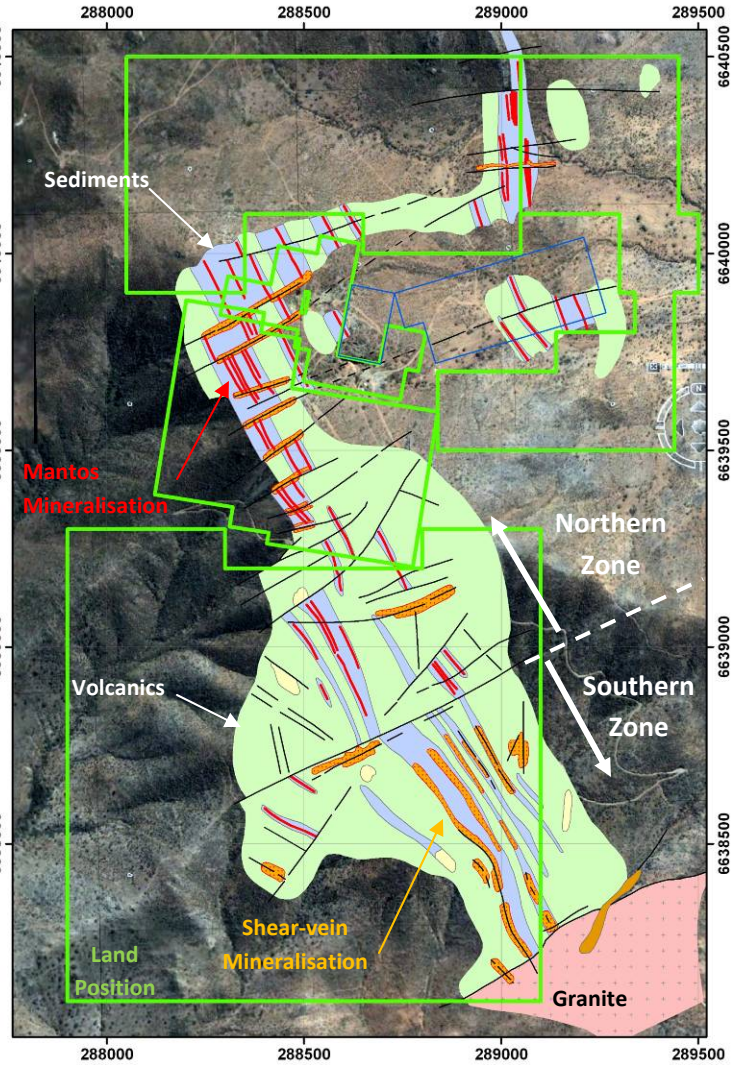
Drilling Programme and Airborne Survey Activity

A maiden RC drilling programme comprising approximately 50 holes for 10,000m has been designed to test the Los Mantos project. The initial stage of this drilling programme is designed to confirm the extent of mineralisation in both the northern and southern zones at Los Mantos. Drilling is expected to commence following the completion of the initial confirmatory drilling programme at the Productora project.

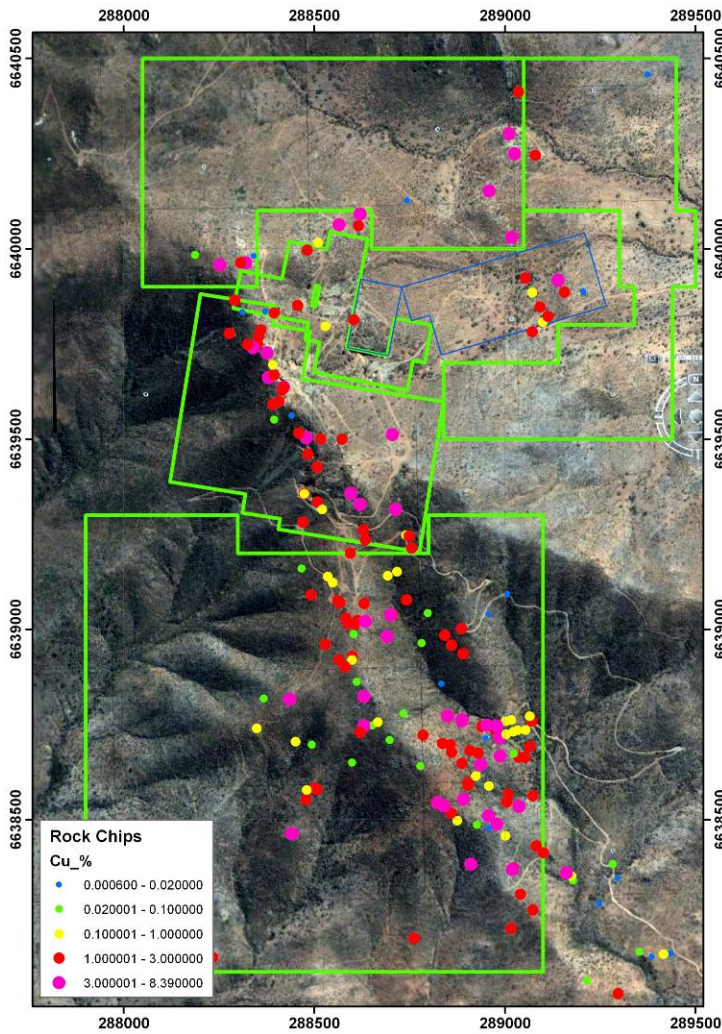
A helicopter-based airborne magnetic and radiometric survey is also planned over the Los Mantos project. The survey comprises 308 line km and will provide a detailed dataset to assist in the future exploration of the Los Mantos project. The survey is expected to commence at Los Mantos in early August.



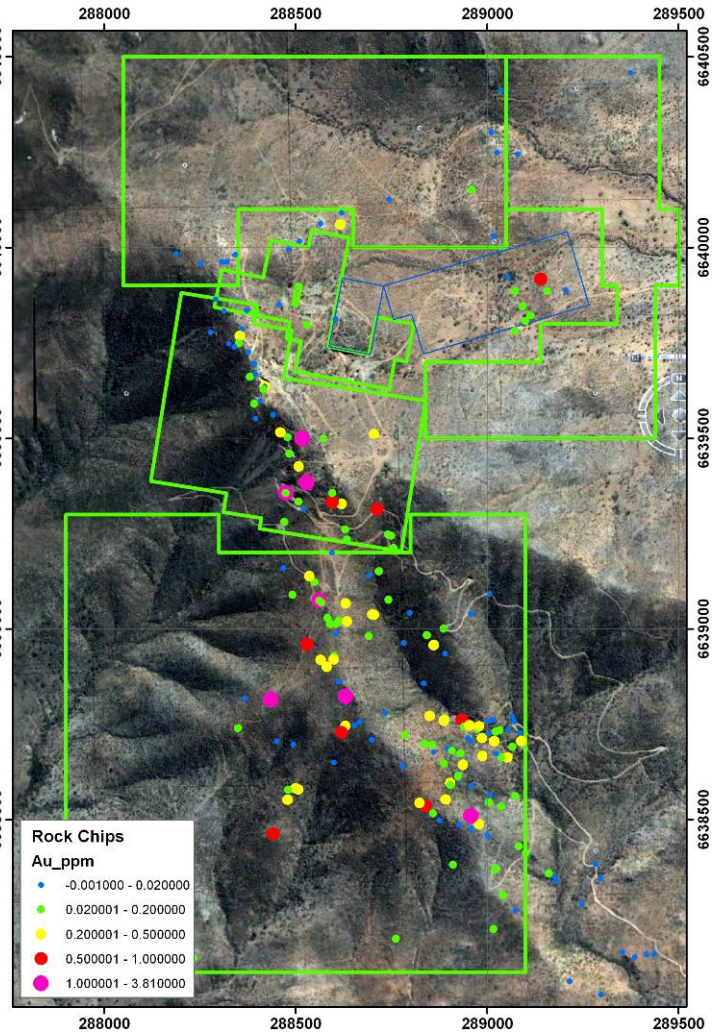
Los Mantos Surface Radiometric Survey
(All Soil and Rock-Chip Data)



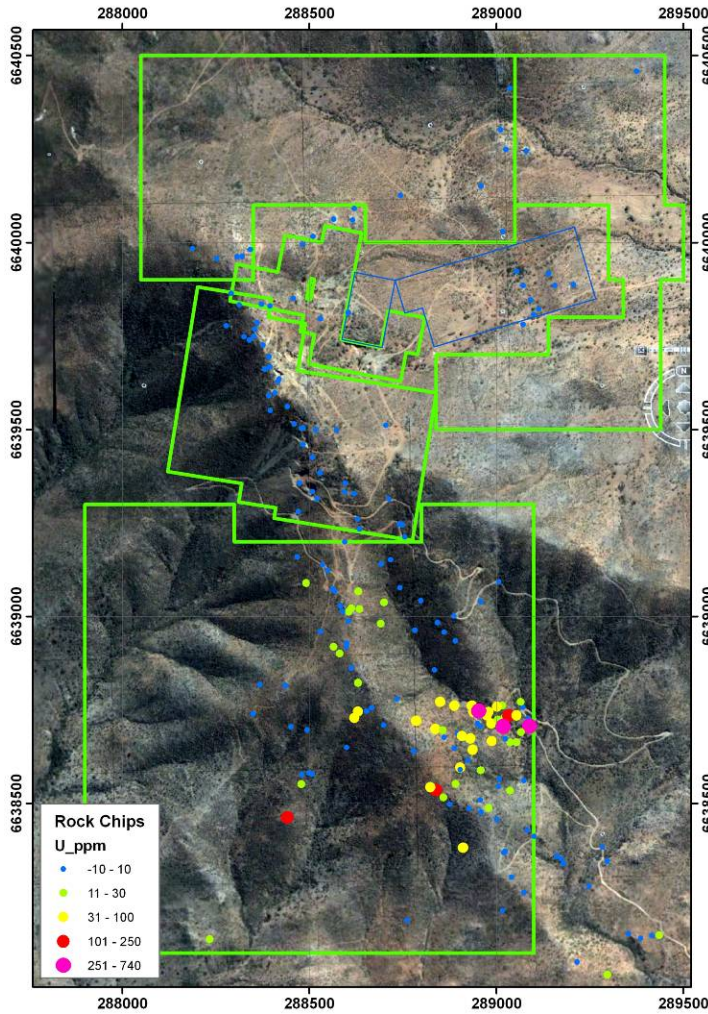
Los Mantos Project Surface Litho-Structural Map
Mapping completed by Hot Chili to date



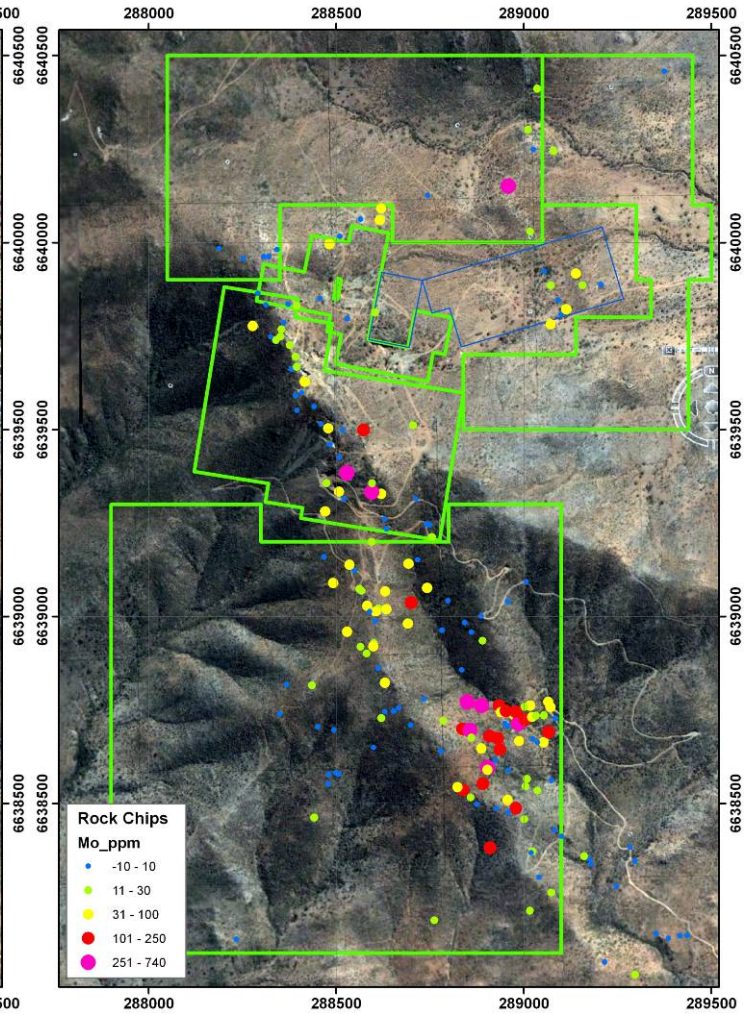
**Los Mantos Project Surface Rock Chip Results
Copper**



**Los Mantos Project Surface Rock Chip Results
Gold**



**Los Mantos Project Surface Rock Chip Results
Uranium**



**Los Mantos Project Surface Rock Chip Results
Molybdenum**

Chile Norte Project

Chile Norte is located in the northern Region II of Chile, south of the coastal city of Iquique in Chile's low-altitude coastal range belt. It is proximal to sealed roads, power and lies within 50kms of port facilities. Hot Chili has assembled a large land position in the area considered to be highly prospective for the definition of a large Iron-Oxide-Copper-Gold related Uranium deposit. In addition to the company's own land position, Hot Chili has executed a formal agreement with CODELCO (world's largest copper producer) to gain access to a large contiguous land position at Chile Norte.

Airborne Survey

A large helicopter-based magnetic and radiometric survey is planned to commence in August. The survey comprises approximately 1,219 line km of flight and will provide a critical dataset from which to assist in focussing the company's exploration efforts at the project. The survey is primarily located over the western extent of the project. Processing and delivery of the data from Geodatos SAIC is expected during October.

Once the results of this airborne survey are received and combined with the company's other preliminary datasets, Hot Chili will plan its next phase of on-ground exploration over the project.

Competent Person's statement

Information in this announcement that relates to exploration results or mineral resources is based on information compiled by Mr Christian Easterday, a Director, who is a Member of The Australian Institute of Geoscience. 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 report of the statements based on his information in the form and context in which they appear.

Corporate Activity

Close of IPO and ASX Listing

Hot Chili closed its IPO on the 14th of April following a very strong response from Australian and International institutional and retail investors. The company issued 40 million shares at 20 cents each to raise \$8 million including \$2 million worth of oversubscriptions. Following the issue of IPO shares, Hot Chili now has approximately 124.2 million shares on issue plus 40.74 million options.

The company listed on the ASX on the 3rd of May.

Appointment of Company Secretary

On the 14th of May, former RSM Bird Cameron accountant Mr John Sendziuk was appointed to the position of Company Secretary.

The addition of John Sendziuk as Company Secretary adds significant experience to the company's administration and will allow the board of Hot Chili to focus more on the execution of the company's strategic and operational plans.

ASX Listing Rules Appendix 5B

Mining exploration entity quarterly cash flow report

Name of entity

Hot Chili Ltd

ABN

91130955725

Quarter ended ("current quarter")

30 June 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(421)	(965)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	31	32
1.5 Interest and other costs of finance paid		
1.6 GST and VAT	(73)	(126)
1.7 Other Legal fees	(244)	(645)
Net Operating Cash Flows	(909)	(2192)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	– (150)	(157) ((173)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		

	Net investing cash flows	(150)	(330)
1.13	Total operating and investing cash flows (carried forward)	(1059)	(2522)
1.13	Total operating and investing cash flows (brought forward)	(1059)	(2522)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	8,000	9,400
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other Capital raising expenses	(670)	(838)
	Net financing cash flows	7,330	8562
	Net increase (decrease) in cash held	6,271	6,040
1.20	Cash at beginning of quarter/year to date	230	461
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	6,501	6,501

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter	
		\$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	108	
1.24	Aggregate amount of loans to the parties included in item 1.10	-	
1.25	Explanation necessary for an understanding of the transactions		

Directors salaries ,superannuation ,consulting fees paid at commercial rates

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,319
4.2 Development	

4.3	Production	
4.4	Administration	181
Total		1,500

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	6,501	230
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		6,501	230

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed		
6.2	Interests in mining tenements acquired or increased		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	124,210,527	64,790,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	46,210,527	40,000,000	20 cents	20 cents
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	40,740,000		<i>Exercise price</i> 20 cents	<i>Expiry date</i> 29/10/2013
7.8 Issued during quarter	400,000		20 cents	29/10/2013

7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX.
2. This statement does give a true and fair view of the matters disclosed.

Date: 28 July 2010



Christian Easterday

Managing Director

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.