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QUARTERLY REPORT

Period Ending June 30th 2014

Highlights

- **Hot Chili secures US\$25 million debt facility to fund the Productora copper project into Definitive Feasibility Study (DFS)**
- **Receipt of US\$8.7 million VAT refund exporting benefit payment (VAT Refund Payment) from Chilean Tax Authority further boosts Hot Chili's cash position**
- **Extensive planning completed ahead of operational start-up for Pre-feasibility Study (PFS) and a 33,000m drilling programme at Productora**
- **Confirmation that a proposed joint infrastructure agreement for Productora is progressing to execution**

Summary of Activities

The second quarter for 2014 has seen the Company successfully secure funding for its 2014 and 2015 activities. The company's cash position is now significantly strengthened following the completion of a US\$25 million debt facility (Facility) and the receipt of a US\$8.7 million VAT Refund Payment from the Chilean Tax Authority on the 11th of July.

Funds from the Facility are intended to be directed towards the advancement of the Company's flagship Productora copper project in Chile. This includes completion of the Productora PFS, further drilling, general working capital and initial work on a DFS.

Extensive planning, budget and cost reviews have been undertaken in advance of the commencement of operational activities at Productora. Drilling and PFS work streams are scheduled to be underway in late July.

ASX Code

HCH

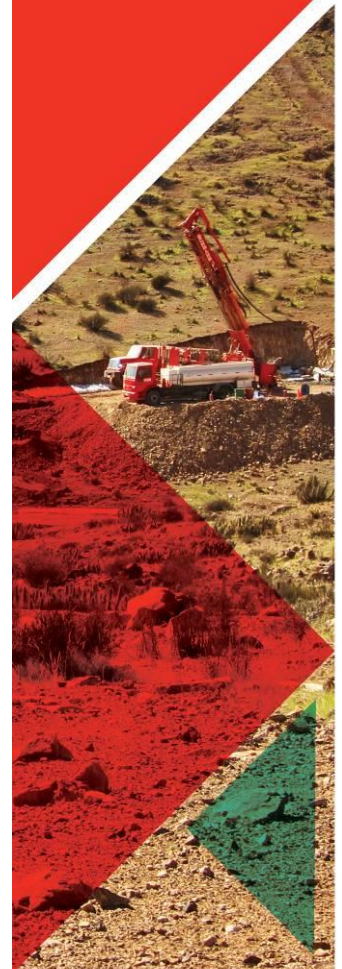
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PROJECT ACTIVITIES

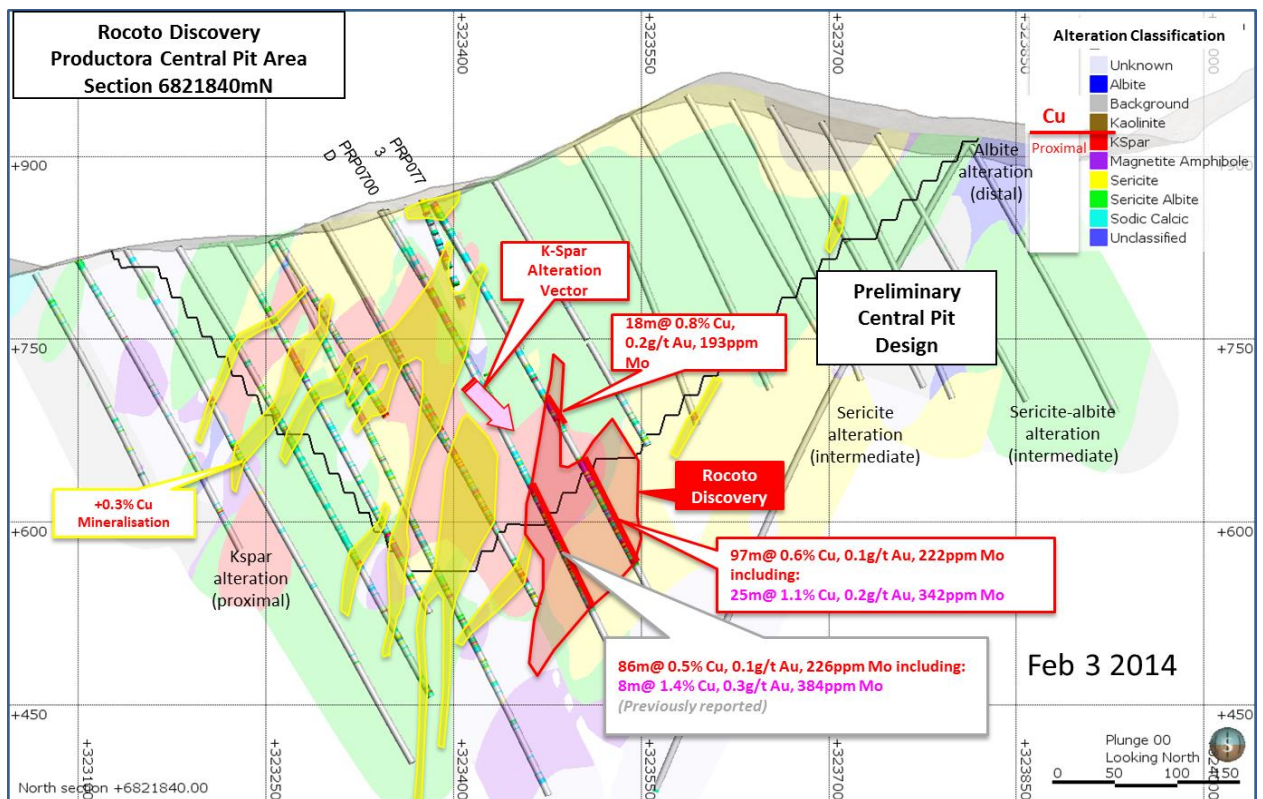
Productora Copper Project

Large Drilling Programme to Commence

A large drilling programme, comprising approximately 25,000m of Reverse Circulation (RC) drilling and 8,000m of Diamond (DD) drilling is planned to commence in late July. Drilling will be directed towards capturing additional resource and reserve growth for incorporation into PFS pit designs at the project.

Resource drilling will focus on testing several alteration targets identified using predictive exploration techniques, responsible for the discovery of the high-grade Habanero and Rocoto zones in the latter stages of 2013. Targets that have high potential for the definition and conversion of resources to reserves (lie within or adjacent to the central pit) have been prioritised for early drilling.

In addition, RC drilling will be directed towards testing a number of high-priority satellite targets within the larger Productora copper project.



Productora Cross Section displaying the Rocoto discovery drilling intercepts in relation to alteration vectoring techniques. Rocoto and other high priority reserve growth targets will commence drill testing in late July. See ASX announcement on the 3rd of February 2014.



Pre-feasibility Planning and Project Optimisation Activities

During the quarter, the Company's development team advanced a number of activities in preparation for the re-commencement of PFS activities at Productora. These included:

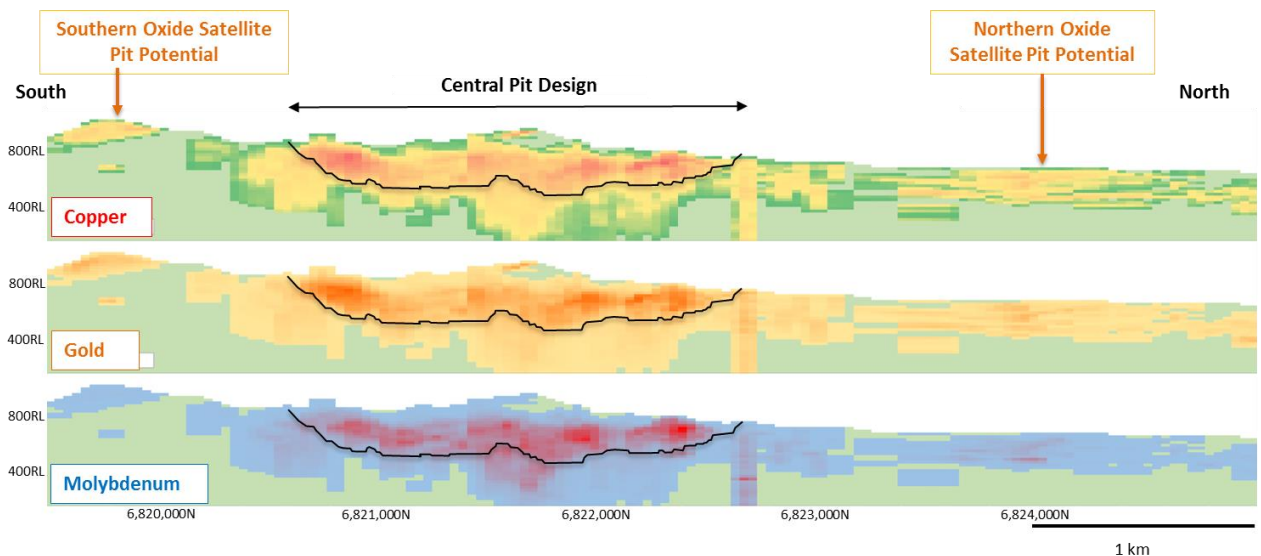
Copper Oxide Concept Study

A major copper oxide opportunity has been identified at Productora which has the potential to significantly reduce pre-strip capital expenditure and overall strip ratios, and add another revenue stream to the front-end of the project.

The Productora Mineral Resource estimate contains copper oxide resources of 25.6Mt grading 0.52% copper, for 132,000 tonnes of copper metal from surface. The in-pit portion (currently treated as waste and not considered in the current Ore Reserve) represents 15.4Mt grading 0.58% copper.

Work to date has indicated that the copper oxide Mineral Resource has potential to be economically exploited. Large-scale, low-grade treatment of favourable copper oxide ore types is typical of many Chilean copper operations.

Optimisation studies have identified copper oxide satellite pit potential which can be seen in the below figure.



Productora contained metal distribution for copper, gold and molybdenum projected in long section

Project Definition and Optimisation Review

Early in the quarter the Company undertook a thorough review of the Productora project, investigating project definition, throughput optimisation, additional revenue opportunities and capital expenditure items. Hot Chili focussed its efforts towards re-aligning and planning the final study activities to ensure that an optimal PFS result would be delivered against a substantial mine life target.



A significant outcome of this review was the development of a more focussed approach towards capturing opportunities and mitigating risks in both the sulphide and oxide project definitions prior to the delivery of finalised PFS at Productora.

Geometallurgical PhD Study Commenced at Productora

It has been recognised that understanding the geometallurgy at the Productora project is critical in reducing the costs and risks associated with ore processing, and will allow improved estimations of head grade recoveries and operating costs. Hot Chili has engaged the University of Tasmania to undertake a PhD project on “Ore Characterisation at the Productora deposit”. The project will employ leading edge techniques in the study of geometallurgy with support from major organisations such as CODES¹ and CSIRO².



Examination of Productora drill core- graphical logging undertaken as part of the geometallurgical study

¹ CODES- The Australian Research Council’s Centre of Excellence in Ore Deposits

² CSIRO- Commonwealth Scientific and Industrial Research Organisation



Joint Infrastructure Negotiations

Late in the quarter, Hot Chili confirmed that project partner, Chilean resource major Compañía Minera del Pacifico S.A (CMP), has successfully completed its technical due diligence and is now progressing towards the execution of a Memorandum of Understanding (MOU) for a joint infrastructure agreement.

Hot Chili has been informed of this progress by CMP's parent company Compañía de Aceros del Pacifico (CAP), Chile's largest iron ore producer and integrated steel business.

Execution and announcement of the terms of the joint infrastructure agreement between Hot Chili and CMP is expected shortly, following completion of a legal review and associated board approvals.



View over CMP and CAP's port, rail and iron pellet plant operations at Huasco, Chile.

Frontera Copper Project

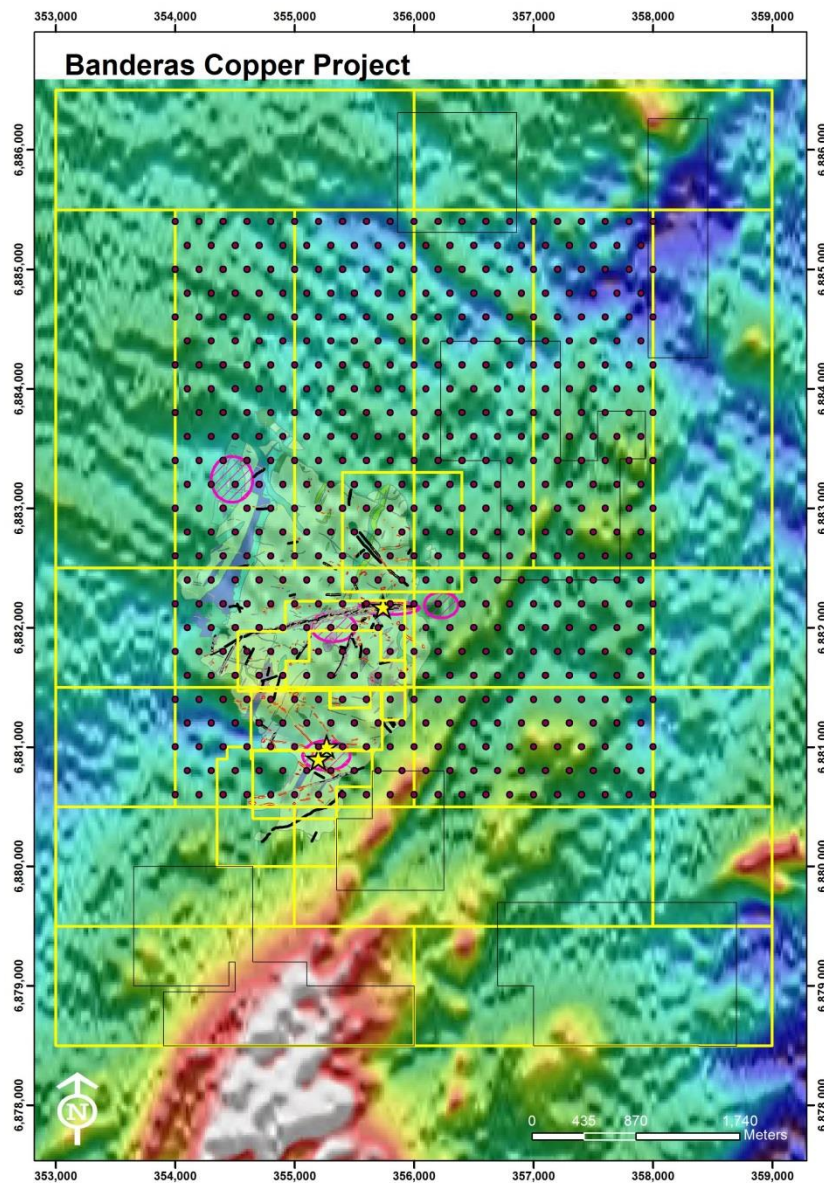
Work during the quarter included surface geological mapping and rock chip sampling of the Madrid lease, which lies approximately one kilometre east of the current resource at Frontera.

Banderas Copper Project

A surface geochemical campaign totalling 1,250 samples was collected at the Banderas project during the quarter. Samples were collected on a 200 metre spaced offset grid pattern, and have been submitted to ALS



for multi-element geochemical analysis. Results are expected to be received next quarter, and will be used to refine exploration targets at Banderas for drill testing in the latter stages of 2014.



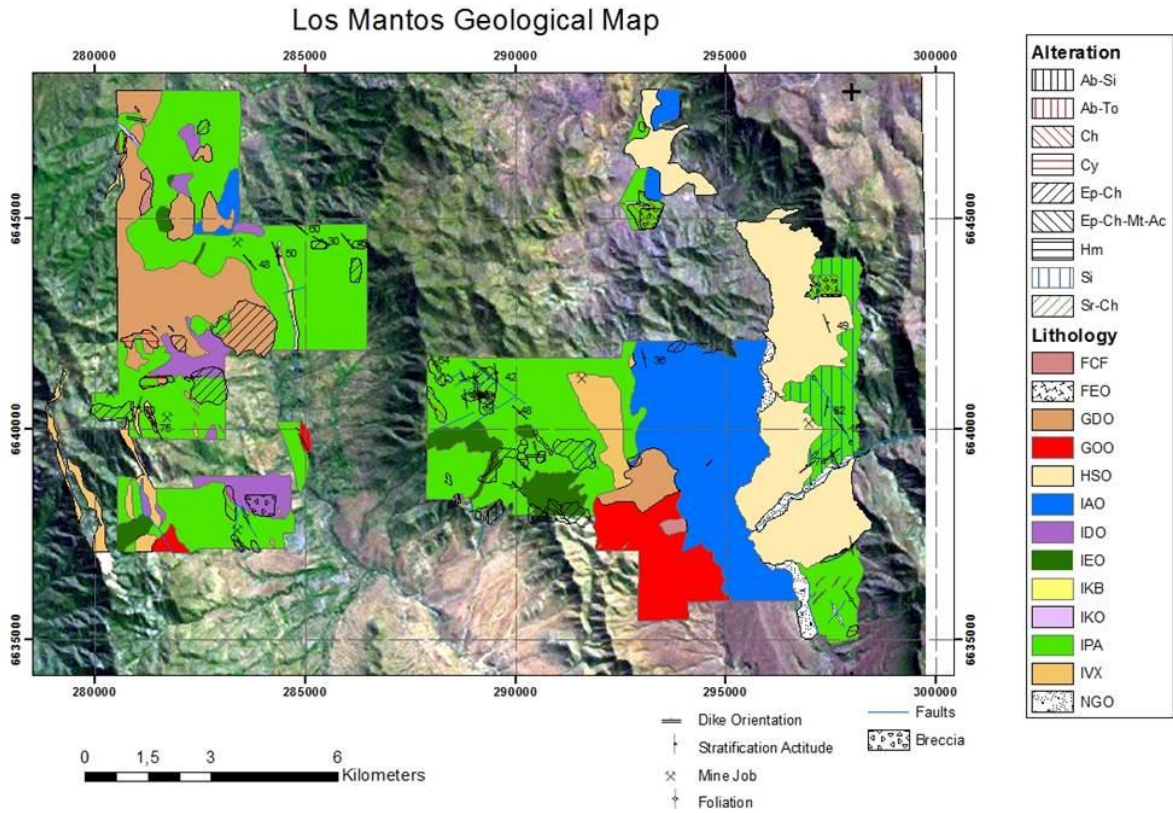
Plan displaying soil sampling locations and total magnetic intensity at the Banderas project

Los Mantos Copper Project

Work completed at the Los Mantos project during the reporting period included surface geochemical sampling and geological mapping. Soil samples were collected on a 400m x 200m offset grid pattern, with a



total of 1,870 samples collected.



Plan displaying surface geological mapping completed at the Los Mantos Project



Corporate

The second quarter for 2014 has seen the Company successfully secure funding for its 2014 and 2015 activities. The company's cash position is now significantly strengthened following the completion of a US\$25 million debt facility (Facility) and the receipt of a US\$8.7 million VAT refund from the Chilean Tax Authority.

Completion of US\$25 Million Debt Facility

During the quarter, Hot Chili executed a Credit Agreement with Canadian resource financier Sprott Resource Lending Partnership ("Sprott") for a US\$25 million debt facility ("Facility") (see ASX announcement dated June 30, 2014).

The Company has drawn down US\$10 million under the Facility, which will help fund activities associated with the strategy to develop its flagship Productora copper project in Chile. These include completion of its PFS, further drilling, general working capital and initial work on a DFS.

As part of this strategy, Hot Chili is continuing discussions with several major groups, all of which are active in the Company's data room, in relation to Productora's funding and development.

Material terms of Facility:

- The key terms of the Credit Agreement are as follows:
- Total facility amount of US\$25 million
- Term of 12 months, with an option to extend for a further 12 months subject to certain conditions and an extension fee of 2% of the amount outstanding, payable in Hot Chili shares
- Repayable prior to maturity, in full or in part, at the option of Hot Chili without penalty, provided a minimum of 6 months of interest has been paid
- Interest rate of 12% per annum, payable monthly
- Establishment fee of 1% of the facility amount payable in cash, plus 11 million Hot Chili equity options with an exercise price of A\$0.30 and a maturity of 5 years
- Security package including general security over the property of the Company and guarantees from the Company's Chilean subsidiaries

Importantly, the Facility provides funding to advance the Productora project into DFS



Receipt of US\$8.7 million VAT refund payment from Chilean Tax Authority

On the 11th of July, Hot Chili announced that it had 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. These funds have not been accounted for within the Appendix 5b of this quarterly report as they were received after the 30th of June 2014.

The VAT refund exporting benefit payment (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.

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.

Health, Safety, Environment and Quality

Hot Chili's sustainability framework ensures an emphasis on business processes that provide long term economic, environmental and social value. The Company is dedicated to continued monitoring and improvement of health, safety and the environmental systems.

The company is pleased to report that there were no Incidents recorded for the quarter.

Summary of the Company's HSEQ quarterly performance:

- Update of site Health and Safety Policy, and Health and Safety Manual.
- Specific induction and training on environmental action plan derived from environmental authorities
- Mining authority site visit
- Fencing around open stope at Santa Innés completed, as requested by Mining Safety Authority

One minor injury (no lost time) occurred when a geologist put her hand on a cactus when collecting soil



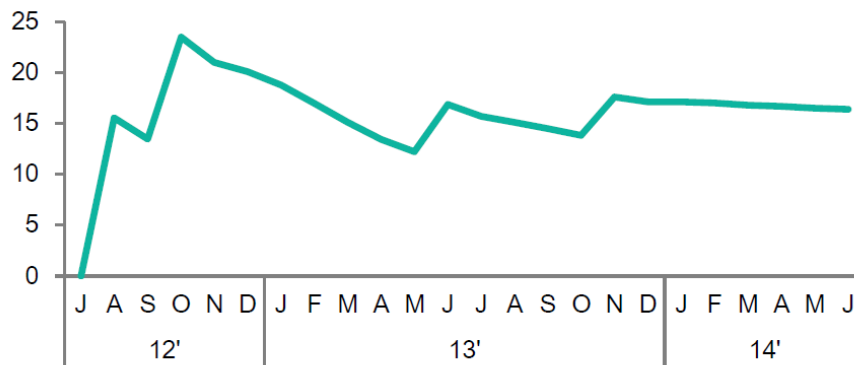
samples while in elevated terrain. The action plan consisted of re-induction about risk awareness when planning sample collection routes in elevated terrain and introduction of more specialised mountain boots for this type of work.

HSEQ Quarter 2 2014 Performance and Statistics

Item	Apr- Jun/14	Cumulative
LTI events	0	4
NLTI events	0	0
Days lost	0	126
LTIFR index	0.0	16.4
IFR index	0.0	20.4
ISR index	0.0	515.3
Thousands of mh (1)	6.9	244.5
Material incidents	1	4
Environmental accidents	0	0
Headcount (2)	29	-

Notes: HSEQ is the acronym for Health, Safety, Environment and Quality. LTIFR per million man hours. Statistics monthly reported to the national Mine Safety Authority through an E-100 form; (1) man-hours; (2) Average headcount 2012: 47; (3) cumulative stats since JAN/2012

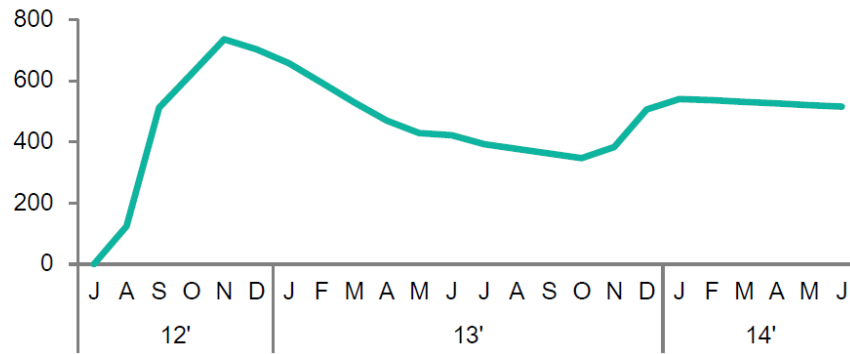
Cumulative LTIFR (own and contractors)



Cumulative LTIFR (staff and contractors)



Cumulative Injury Severity Rate (ISR) (own and contractors)



Cumulative Injury Severity Rate (ISR) (staff and contractors)



Tenement Details

Tenements Held at end of Quarter

Licence ID	Holder	% Interest	Licence Type	Area (ha)
Productora Project				
FRAN 1, 1-48	SMEAL	100%	Mining Claim	300
FRAN 2, 1-20	SMEAL	100%	Mining Claim	300
FRAN 3, 1-60	SMEAL	100%	Mining Claim	300
FRAN 4, 1-20	SMEAL	100%	Mining Claim	300
FRAN 5, 1-20	SMEAL	100%	Mining Claim	300
FRAN 6, 1-60	SMEAL	100%	Mining Claim	300
FRAN 7, 1-37	SMEAL	100%	Mining Claim	300
FRAN 8, 1-30	SMEAL	100%	Mining Claim	300
FRAN 12, 1-40	SMEAL	100%	Exploitation concession	200
FRAN 13, 1-40	SMEAL	100%	Exploitation concession	200
FRAN 14, 1-40	SMEAL	100%	Exploitation concession	200
FRAN 15, 1-60	SMEAL	100%	Mining Claim	300
FRAN 18, 1-60	SMEAL	100%	Mining Claim	300
FRAN 21, 1-60	SMEAL	100%	Mining Claim	300
FRAN 22	SMEAL	100%	Exploration concession	400
ALGA 7A, 1-32	SMEAL	100%	Exploitation concession	89
ALGA VI, 5-24	SMEAL	100%	Exploitation concession	66
MONTOSA 1-4	SMEAL	100%	Exploitation concession	35
CHICA	SMEAL	100%	Exploitation concession	1
ESPERANZA 1-5	SMEAL	100%	Exploitation concession	11
LEONA SEGUNDA 1-4	SMEAL	100%	Exploitation concession	10
CARMEN I, 1-60	SMEAL	100%	Mining Claim	300
CARMEN II, 1-60	SMEAL	100%	Mining Claim	300
ZAPA 1, 1-10	SMEAL	100%	Exploitation concession	100
ZAPA 3, 1-23	SMEAL	100%	Exploitation concession	92
ZAPA 5A, 1-16	SMEAL	100%	Exploitation concession	80
ZAPA 7, 1-24	SMEAL	100%	Exploitation concession	120
CABRITO, CABRITO 1-9	SLM CABRITO	80%	Exploitation concession	50
CUENCA A, 1-51	CMP	65%	Exploitation concession	255
CUENCA B, 1-28	CMP	65%	Exploitation concession	139
CUENCA C, 1-51	CMP	65%	Exploitation concession	255
CUENCA D	CMP	65%	Exploitation concession	3
CUENCA E	CMP	65%	Exploitation concession	1



CHOAPA 1-10	CMP	65%	Exploitation concession	50
ELQUI 1-14	CMP	65%	Exploitation concession	61
LIMARÍ 1-15	CMP	65%	Exploitation concession	66
LOA 1-6	CMP	65%	Exploitation concession	30
MAIPO 1-10	CMP	65%	Exploitation concession	50
TOLTÉN 1-4	CMP	65%	Exploitation concession	70
CACHIYUYITO 1, 1-60	CMP	65%	Mining Claim	300
CACHIYUYITO 2, 1-60	CMP	65%	Exploitation concession	300
CACHIYUYITO 3, 1-60	CMP	65%	Exploitation concession	300
LA PRODUCTORA 1-16	SMEAL	100%	Exploitation concession	75
BUENA SUERTE 1-6	SLM BUENA SUERTE	100%	Exploitation concession	30
PILAR 1-2	SLM PILAR	100%	Exploitation concession	10
ORO INDIO I, 1-20	JGT	100%	Exploitation concession	82
AURO HUASCO I, 1-8	JGT	100%	Exploitation concession	35
URANIO, 1-70	CCHEN	100%	Exploitation concession	350
JULI 1	SMEAL	100%	Mining Petitions	300
JULI 2	SMEAL	100%	Mining Petitions	300
JULI 3	SMEAL	100%	Mining Petitions	300
JULI 4	SMEAL	100%	Mining Petitions	300
JULI 5	SMEAL	100%	Mining Petitions	100
JULI 6	SMEAL	100%	Mining Petitions	200
JULI 7	SMEAL	100%	Mining Petitions	200
JULI 8	SMEAL	100%	Mining Petitions	300
JULI 9	SMEAL	100%	Mining Petitions	300
JULI 10	SMEAL	100%	Mining Petitions	300
JULI 11	SMEAL	100%	Mining Petitions	300
JULI 12	SMEAL	100%	Mining Petitions	300
JULI 13	SMEAL	100%	Mining Petitions	100
JULI 14	SMEAL	100%	Mining Petitions	300
JULI 15	SMEAL	100%	Mining Petitions	300
JULI 16	SMEAL	100%	Mining Petitions	300
JULI 17	SMEAL	100%	Mining Petitions	200
JULI 18	SMEAL	100%	Mining Petitions	300
JULI 19	SMEAL	100%	Mining Petitions	300
JULI 20	SMEAL	100%	Mining Petitions	300
JULI 21	SMEAL	100%	Mining Petitions	300
JULI 22	SMEAL	100%	Mining Petitions	300
JULI 23	SMEAL	100%	Mining Petitions	300



JULI 24	SMEAL	100%	Mining Petitions	300
JULI 25	SMEAL	100%	Mining Petitions	300
JULI 26	SMEAL	100%	Mining Petitions	300
JULI 27	SMEAL	100%	Mining Petitions	200
JULI 28	SMEAL	100%	Mining Petitions	300
JULIETA 1	SMEAL	100%	Mining Petitions	100
JULIETA 2	SMEAL	100%	Mining Petitions	200
JULIETA 3	SMEAL	100%	Mining Petitions	300
JULIETA 4	SMEAL	100%	Mining Petitions	200
JULIETA 5	SMEAL	100%	Mining Petitions	300
JULIETA 6	SMEAL	100%	Mining Petitions	300
JULIETA 7	SMEAL	100%	Mining Petitions	300
JULIETA 8	SMEAL	100%	Mining Petitions	300
JULIETA 9	SMEAL	100%	Mining Petitions	300
JULIETA 10	SMEAL	100%	Mining Petitions	300
JULIETA 11	SMEAL	100%	Mining Petitions	300
JULIETA 12	SMEAL	100%	Mining Petitions	300
JULIETA 13	SMEAL	100%	Mining Petitions	300
JULIETA 14	SMEAL	100%	Mining Petitions	300
JULIETA 15	SMEAL	100%	Mining Petitions	200
JULIETA 16	SMEAL	100%	Mining Petitions	200
JULIETA 17	SMEAL	100%	Mining Petitions	200
JULIETA 18	SMEAL	100%	Mining Petitions	200
JULIETA 19	SMEAL	100%	Mining Petitions	200
Los Mantos Project				
FELIZ DIECIOCHO 1	ICS	100%	Exploration	200
FELIZ DIECIOCHO 2	ICS	100%	Exploration	200
FELIZ DIECIOCHO 3	ICS	100%	Exploration	200
FELIZ DIECIOCHO 4	ICS	100%	Exploration	200
HAPI E1	MLA	60%	Exploration	900
HAPI E2	MLA	60%	Exploration	900
HAPI E3	MLA	60%	Exploration	300
HAPI E4	MLA	60%	Exploration	300
HAPI E5	MLA	60%	Exploration	200
HAPI E6	MLA	60%	Exploration	600
HAPI E7	MLA	60%	Exploration	200
HAPI E8	MLA	60%	Exploration	400
HAPI E9	MLA	60%	Exploration	200
HAPI E10	MLA	60%	Exploration	300
HAPI E11	MLA	60%	Exploration	300



HAPI E12	MLA	60%	Exploration	400
HAPI E13	MLA	60%	Exploration	600
HAPI E14	MLA	60%	Exploration	200
JADABA D1	MLA	60%	Exploration	200
JADABA D2	MLA	60%	Exploration	200
JADABA D3	MLA	60%	Exploration	300
JADABA D4	MLA	60%	Exploration	200
JADABA D5	MLA	60%	Exploration	400
JADABA D6	MLA	60%	Exploration	600
JADABA D7	MLA	60%	Exploration	300
JADABA D8	MLA	60%	Exploration	400
JADABA D9	MLA	60%	Exploration	1200
JADABA D10	MLA	60%	Exploration	1200
JADABA D11	MLA	60%	Exploration	800
JADABA D12	MLA	60%	Exploration	600
JADABA D13	MLA	60%	Exploration	800
JADABA D14	MLA	60%	Exploration	300
JADABA D15	MLA	60%	Exploration	200
MONICA D1	MLA	60%	Exploration	200
LEONOR E7	MLA	60%	Exploration	200
LEONOR E8	MLA	60%	Exploration	200
LEONOR E9	MLA	60%	Exploration	400
HAPI C1, 1-30	MLA	60%	Exploitation concession	300
HAPI C3, 1-60	MLA	60%	Exploitation concession	300
HAPI C4, 1-30	MLA	60%	Mining claim	300
HAPI C5, 1-30	MLA	60%	Mining claim	300
HAPI C14, 1-30	MLA	60%	Exploitation concession	300
HAPI D1, 1-60	MLA	60%	Exploitation concession	600
HAPI D2, 1-60	MLA	60%	Exploitation concession	588
HAPI D5, 1-30	MLA	60%	Mining claim	300
HAPI D7, 1-60	MLA	60%	Mining claim	60
HAPI D8, 1-10	MLA	60%	Mining claim	100
HAPI D9, 1-30	MLA	60%	Mining claim	244
JADABA B1, 1-20	MLA	60%	Exploitation concession	200
JADABA B2, 1-30	MLA	60%	Mining claim	292
JADABA B3, 1-20	MLA	60%	Exploitation concession	172
JADABA B15, 1-10	MLA	60%	Exploitation concession	99
JADABA C2, 1-20	MLA	60%	Exploitation concession	200
JADABA C3, 1-60	MLA	60%	Exploitation concession	504
JADABA C12, 1-80	MLA	60%	Exploitation concession	723



JADABA C14, 11-20	MLA	60%	Exploitation concession	100
JADABA C15, 1-10	MLA	60%	Exploitation concession	100
LEONOR C9, 1-20	MLA	60%	Mining claim	200
JADABA E12 (overlaps Jadaba D12)	MLA	60%	Mining petition	600
JADABA E13 (overlaps Jadaba C12, 1-80)	MLA	60%	Mining petition	723
JADABA E14 (overlaps Jadaba D14)	MLA	60%	Mining petition	300
JADABA D15 (overlaps Jadaba D15)	MLA	60%	Mining petition	200
JADABA D9, 1-60 (overlaps Jadaba D9)	MLA	60%	Mining claim	1200
JADABA D10, 1-20 (overlaps Jadaba D10)	MLA	60%	Mining claim	1200
HAPI F1 (overlaps Hapi C1, 1-30)	MLA	60%	Mining petition	300
HAPI F2 (overlaps Hapi E2)	MLA	60%	Mining petition	900
Banderas Project				
COTOTO 1	IPL	65%	Exploration concession	200
COTOTO 2	IPL	65%	Exploration concession	200
COTOTO 3	IPL	65%	Exploration concession	200
COTOTO 4	IPL	65%	Exploration concession	200
COTOTO 5	IPL	65%	Exploration concession	300
PIMPOLLA 1	IPL	65%	Exploration concession	300
PIMPOLLA 2	IPL	65%	Exploration concession	300
PIMPOLLA 3	IPL	65%	Exploration concession	300
PIMPOLLA 4	IPL	65%	Exploration concession	300
COTOTO A1	IPL	65%	Exploration concession	300
COTOTO A2	IPL	65%	Exploration concession	300
COTOTO A3	IPL	65%	Exploration concession	300
COTOTO A4	IPL	65%	Exploration concession	300
COTOTO A5	IPL	65%	Exploration concession	300
COTOTO A6	IPL	65%	Exploration concession	300
COTOTO A7	IPL	65%	Exploration concession	300
COTOTO A8	IPL	65%	Exploration concession	300
PIMPOLLA A1	IPL	65%	Exploration concession	300
PIMPOLLA A2	IPL	65%	Exploration concession	300
PIMPOLLA A3	IPL	65%	Exploration concession	300
PIMPOLLA A4	IPL	65%	Exploration concession	300
PIMPOLLA A5	IPL	65%	Exploration concession	300
PIMPOLLA A6	IPL	65%	Exploration concession	300



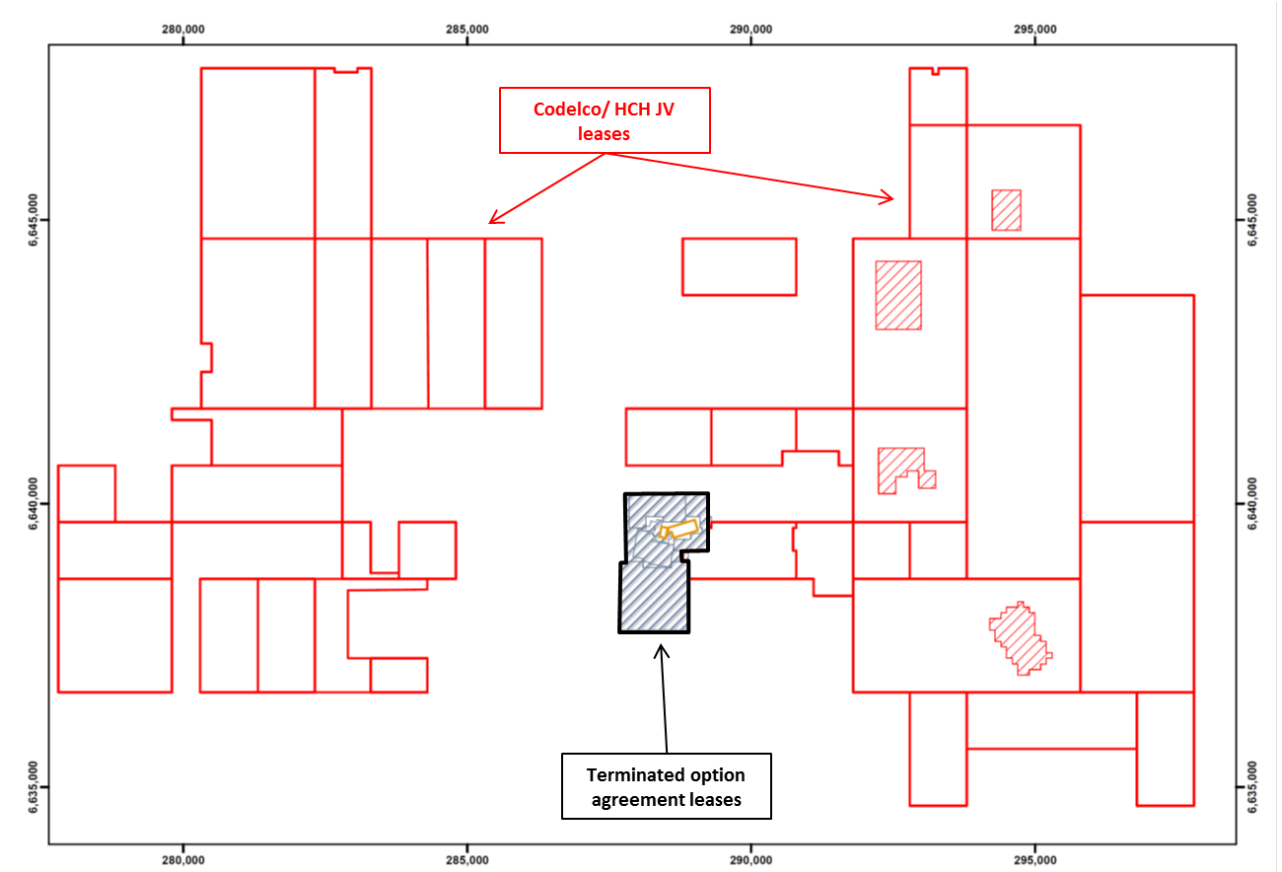
PIMPOLLA A7	IPL	65%	Exploration concession	300
PIMPOLLA A8	IPL	65%	Exploration concession	300
TITIRUTA 2, 1-20	SMEAL	100%	Mining claim	57
RENACIMIENTO 1-10	JSR	65%	Exploitation Concession	44
ESCONDIDA 1-10	ADC	65%	Exploitation Concession	50
BANDERITA 1-5	SLM BANDERIT A	100%	Exploitation Concession	5
RESGUARDO 1, 2, 3, 4, 5, 6, 7, 8, 12, 13, 14 y 20	SLM RESGUAR DO	100%	Exploitation Concession	60
RESGUARDO 9, 10, 11, 15, 16, 17, 18 y 20	SLM RESGUAR DO	100%	Exploitation Concession	40
CONEJA 1-10	SMEAL	100%	Exploitation Concession	100
COTOTO 1, 1-60	IPL	100%	Mining Claim	300
COTOTO 2, 1-60	IPL	100%	Mining Claim	300
COTOTO 3, 1-60	IPL	100%	Mining Claim	300
COTOTO 4, 1-60	IPL	100%	Mining Claim	300
COTOTO 5, 1-60	IPL	100%	Mining Claim	300
COTOTO 6, 1-60	IPL	100%	Mining Claim	300
COTOTO 7, 1-60	IPL	100%	Mining Claim	300
COTOTO 8, 1-60	IPL	100%	Mining Claim	300
PIMPOLLA 1, 1-60	IPL	100%	Mining Claim	300
PIMPOLLA 2, 1-60	IPL	100%	Mining Claim	300
PIMPOLLA 3, 1-60	IPL	100%	Mining Claim	300
PIMPOLLA 4, 1-60	IPL	100%	Mining Claim	300
PIMPOLLA 5, 1-60	IPL	100%	Mining Claim	300
PIMPOLLA 6, 1-60	IPL	100%	Mining Claim	300
PIMPOLLA 7, 1-60	IPL	100%	Mining Claim	300
PIMPOLLA 8, 1-60	IPL	100%	Mining Claim	300
BLANCA 1	SMEAL	100%	Mining Petition	200
BLANCA 2	SMEAL	100%	Mining Petition	300
BLANCA 3	SMEAL	100%	Mining Petition	300
BLANCA 4	SMEAL	100%	Mining Petition	300
BLANCA 5	SMEAL	100%	Mining Petition	300
BLANCA 6	SMEAL	100%	Mining Petition	300
BLANCA 7	SMEAL	100%	Mining Petition	300
BLANCA 8	SMEAL	100%	Mining Petition	300
BLANCA 9	SMEAL	100%	Mining Petition	300



LA UNION 1-2	Compañía Minera Taruca SCM	100%	Exploitation Concession	10
Frontera Project				
JOTA 1	Compañía Minera Taruca SCM	100%	Mining Claim	1
MADRID 1	Compañía Minera Taruca SCM	100%	Mining Petition	100
MADRID 2	Compañía Minera Taruca SCM	100%	Mining Petition	300

Tenement Changes during the Quarter

The Company terminated the option agreement over the original central portion of the Los Mantos project on the 4th June 2014. The company still retains a large land position at the project through its joint venture arrangement with CODELCO. The landholding map that follows shows the current land holding at Los Mantos, and also highlights the option agreement leases terminated during the quarter.



Landholding map for the Los Mantos Project



Qualifying Statements

JORC Compliant Ore Reserve Statement

Productora Open Pit Probable Ore Reserve Statement – Reported 31st March 2014

Ore Type	Category	Tonnage (Mt)	Grade			Contained Metal			Payable Metal		
			Copper	Gold	Molybdenum	Copper	Gold	Molybdenum	Copper	Gold	Molybdenum
			(%)	(g/t)	(ppm)	(tonnes)	(ounces)	(tonnes)	(tonnes)	(ounces)	(tonnes)
Transitional	Probable	10.2	0.54	0.10	128	55,000	34,000	1,300	27,000	13,000	1,000
Fresh	Probable	80.3	0.47	0.11	177	378,000	274,000	14,200	323,000	139,000	8,000
Total	Probable	90.5	0.48	0.11	172	433,000	308,000	15,500	350,000	152,000	9,000

Note 1: Figures in the above table are rounded, reported to two significant figures, and classified in accordance with the Australian JORC Code 2012 guidance on Mineral Resource and Ore Reserve reporting.

Note 2: Average recoveries applied to Probable Ore Reserve estimate are: Fresh Cu- 88.8%; Fresh Au - 65%; Fresh Mo - 60%, Transitional Cu- 50%, Transitional Au- 50% and Transitional Molybdenum- 50%. Payability factors applied for Cu- 96.5%, Au- 78% and Mo- 98%. The Probable Ore Reserve was estimated using price assumptions of US\$3.00/lb copper, US\$1,250/oz gold and US\$10/lb molybdenum and an exchange rate (AUD:USD) of 0.88.

JORC Compliant Mineral Resource Statements

Productora Mineral Resource Statement – Reported 31st March 2014

Classification (+0.25% Cu)	Tonnage (Mt)	Grade			Contained Metal		
		Copper	Gold	Molybdenum	Copper	Gold	Molybdenum
		(%)	(g/t)	(ppm)	(tonnes)	(ounces)	(tonnes)
Indicated	158.6	0.50	0.11	152	799,000	540,000	24,000
Inferred	55.6	0.41	0.08	97	229,000	133,000	5,000
Total	214.3	0.48	0.10	138	1,029,000	675,000	29,000

Note 1: Figures in the above table are rounded, reported to two significant figures, and classified in accordance with the Australian JORC Code 2012 guidance on Mineral Resource and Ore Reserve reporting.

Frontera Mineral Resource Statement- Reported 11th March 2014

Classification (>0.25% Copper)	Tonnage (Mt)	Grade		Contained Metal	
		Copper	Gold	Copper	Gold
		(%)	(g/t)	(tonnes)	(ounces)
Indicated	16.1	0.4	0.2	61,000	116,000
Inferred	34.4	0.4	0.2	125,000	239,000
Total	50.5	0.4	0.2	187,000	356,000

Note: Figures in the above table are rounded, reported to one significant figure, and classified in accordance with the Australian JORC code 2012 guidance on Mineral Resource and Ore Reserve reporting.



Competent Person's Statement- *Exploration Results*

Exploration information in this announcement is based upon work undertaken by Mr Christian Easterday, the Managing Director and a full-time employee of Hot Chili Limited whom is a Member of the Australasian Institute of Geoscientists (AIG). Mr Easterday has sufficient experience that 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). Mr Easterday consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Competent Person's Statement- *Mineral Resources*

The information in this report that relates to the Productora Mineral Resource is based on information compiled by Mr J Lachlan Macdonald and Mr N Ingvar Kirchner. Mr Macdonald is a full-time employee of Hot Chili Ltd. Mr Macdonald is a Member of the Australasian Institute of Mining and Metallurgy. Mr Kirchner is employed by Coffey Mining Pty Ltd (Coffey). Coffey has been engaged on a fee for service basis to provide independent technical advice and final audit for the Productora Mineral Resource estimate. Mr Kirchner is a Fellow of the Australasian Institute of Mining and Metallurgy and is a Member of the Australian Institute of Geoscientists. Both Mr Macdonald and Mr Kirchner have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code 2012). Both Mr Macdonald and Mr Kirchner consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Competent Person's Statement- *Ore Reserves*

The information in this report that relates to Productora Ore Reserves is based on information compiled by Mr Carlos Guzmán who is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM), a Registered Member of the Chilean Mining Commission (RM- a 'Recognised Professional Organisation' within the meaning of the JORC Code 2012) and a full time employee of NCL Ingeniería y Construcción SpA. NCL has been engaged on a fee for service basis to provide independent technical advice and final audit for the Productora Ore Reserve estimate. Mr. Guzmán 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Guzmán consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Forward Looking Statements

This Announcement is provided on the basis that neither the Company nor its representatives make any warranty (express or implied) as to the accuracy, reliability, relevance or completeness of the material contained in the Announcement and nothing contained in the Announcement is, or may be relied upon as a promise, representation or warranty, whether as to the past or the future. The Company hereby excludes all warranties that can be excluded by law. The Announcement contains material which is predictive in nature and may be affected by inaccurate assumptions or by known and unknown risks and uncertainties, and may differ materially from results ultimately achieved.

The Announcement contains "forward-looking statements". All statements other than those of historical facts included in the Announcement are forward-looking statements including estimates of Mineral Resources. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, gold and other metals price volatility, currency fluctuations, increased production costs and variances in ore grade ore recovery rates from those assumed in mining plans, as well as political and operational risks and governmental regulation and judicial outcomes. The Company does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events



or circumstances after the date of the Announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws. All persons should consider seeking appropriate professional advice in reviewing the Announcement and all other information with respect to the Company and evaluating the business, financial performance and operations of the Company. Neither the provision of the Announcement nor any information contained in the Announcement or subsequently communicated to any person in connection with the Announcement is, or should be taken as, constituting the giving of investment advice to any person.



Appendix 5B- Mining Exploration Entity Quarterly Cash Flow Report

Name of entity

Hot Chili Ltd

ABN

91 130 955 725

Quarter ended ("current quarter")

30 June 2014

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	(1,669) (356) (842)	(17,004) (3,689) (3,790)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	21	165
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other GST	(9)	(1)
Net Operating Cash Flows		(2,855)	(24,319)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		(315) (68)
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	(1)	
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)	(1)	(383)
Net investing cash flows		(1)	(383)
1.13	Total operating and investing cash flows (carried forward)	(2,856)	(24,702)



1.13	Total operating and investing cash flows (brought forward)	(2,856)	(24,702)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		16,586
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	10,597	10,597
1.17	Repayment of borrowings		
1.18	Cost of capital raising		(765)
1.19	Other (provide details if material)(Borrowing costs)	(474)	(474)
	Net financing cash flows	10,123	25,944
	Net increase (decrease) in cash held	7,267	1242
1.20	Cash at beginning of quarter/year to date	5,446	11,112
1.21	Exchange rate adjustments to item 1.20	56	415
1.22	Cash at end of quarter	12,769	12,769

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	156
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Salaries , Directors fees and consulting fees 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	25 Million USD	10 Million USD
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	3,300
4.2 Development	1,350
4.3 Production	
4.4 Administration	800
Total	5,450

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	12,681	5,376
5.2 Deposits at call	88	70
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	12,769	5,446



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	Antonio 1 al 29	Purchase Option Agreement	100%	0%
	Espada 1 al 12		100%	0%
	Rosita Una a Seies		100%	0%
	Alinderamiento		100%	0%
	Ensueno 1 al 11		100%	0%
	Illapel 1- Andacolla		100%	0%
	Illapel 2- Andacolla		100%	0%
	Illapel 2- Ovalle		100%	0%
	Illapel 3- Ovalle		1005	0%
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 (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	347,732,196	347,732,196		



		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	†Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				



	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.7	Options <i>(description and conversion factor)</i>			
	1,000,000		<i>Exercise price</i> 90 cents	<i>Exercisable</i> <i>after</i> 19/7/2012 <i>Expiry</i> <i>date</i> 20/7/2014
	2,200,000		90 cents	<i>Exercisable</i> <i>after</i> 19/7/2013 <i>Expiry</i> <i>date</i> 20/7/2014
	500,000		One dollar	<i>Exercisable after</i> 29/1/2014 <i>Expiry</i> <i>date</i> 30/1/2015
	300,000		90 cents	<i>Exercisable</i> <i>after</i> 19/7/2013 <i>Expiry</i> <i>date</i> 20/7/2014
	39,754,097		75 cents	<i>Exercisable on or</i> <i>before</i> 30/11/2014
	11,000,000		30 cents	<i>Exercisable on or</i> <i>before</i> 27 June 2019
7.8	Issued during quarter		30 cents	<i>Exercisable on or</i> <i>before</i> 27 June 2019
7.9	Exercised during quarter			
7.10	Expired during quarter			
7.11	Debentures <i>(totals only)</i>			



	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
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 (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date 31/7/2014

(Company secretary)

Print name: John Sendziuk.....

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.

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