



**Hot Chili Limited** ACN 130 955 725  
First Floor, 768 Canning Hwy, Applecross, Western Australia, 6153  
PO Box 1725, Applecross, Western Australia, 6953  
P: +61 8 9315 9009 F: +61 8 9315 5004

## QUARTERLY REPORT

Period Ending September 30th 2014

### Highlights

- **Hot Chili and project partner, Chilean resource major Compañía Minera del Pacífico S.A (CMP) executed a Memorandum of Understanding (MOU) to form a Joint Venture to develop the Productora copper project in Chile**
- **Hot Chili to grant CMP an additional purchase option to increase its stake in Productora to 50.1% after completion of the Pre-feasibility study (PFS), for a minimum exercise price of US\$80 million**
- **The MOU is subject to CMP board ratification and the transactions contemplated by the MOU, including the grant and exercise of the Additional Purchase Option, are subject to Hot Chili shareholder approval**
- **Hot Chili commenced an extensive 33,000m drilling program at its flagship Productora copper project in Chile**
- **Drilling aims to grow Ore Reserves and Mineral Resources significantly ahead of completion of the Productora PFS in the first half of CY2015**

### Summary of Activities

The third quarter for 2014 has seen the Company recommence operational and drilling activities following extensive planning, budgeting and cost review exercises. The re-commencement of drilling activities follows a series of key announcements by Hot Chili which have demonstrated the substantial progress being made in its strategy to develop a large, low-cost copper project at Productora.

Results from the drilling program, which comprises 25,000m of reverse circulation (RC) drilling and 8,000m of diamond (DD) drilling, will form a key part of the Pre-feasibility Study (PFS) which is on-track for completion in the first half of CY2015.

Productora Pre-feasibility studies (PFS) also recommenced during the quarter, following a high level technical review. The PFS review comprised items such as Capex and Opex, Tailings Storage Facility (TSF) design, and metallurgical testwork programme and budget.

#### ASX Code

HCH

#### Contact

Mr Christian Easterday  
Managing Director

E: [admin@hotchili.net.au](mailto:admin@hotchili.net.au)

[www.hotchili.net.au](http://www.hotchili.net.au)





## PROJECT ACTIVITIES

### Productora Copper Project

#### Joint Venture MOU Executed with Chilean Resources Major CMP

The Company and its project partner, Chilean resources major Compañía Minera del Pacífico S.A (CMP), are advancing towards board approval of the finalised terms associated with the Memorandum of Understanding (MOU) to form a Joint Venture to develop Productora (as announced to the ASX on the 12th of August 2014).

Under the terms of the MOU, CMP will emerge with a 17.5% stake in Productora in return for providing surface rights, easements and its remaining 35% interest in certain Productora leases. The CMP assets will enable Hot Chili to build the key infrastructure needed to underpin Productora while saving time and money.

In addition, Hot Chili will grant CMP an option to increase its stake in Productora to 50.1% after completion of the PFS. The details of the option to acquire a further 32.6% of Productora are being finalised, but will have a minimum exercise price of US\$80 million.

The MOU is subject to CMP board ratification and the transactions contemplated by the MOU, are subject to Hot Chili shareholder approval.

Both companies are advancing discussions on the final details of the agreement prior to seeking required approvals.



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



## Large Drilling Programme Commenced

A drill programme comprising 25,000m RC drilling and 8,000m DD drilling, forming a key part of the PFS commenced at Productora in July.

Hot Chili's aggressive drilling campaign at Productora has three key objectives:

1. Ore Reserve growth- RC and DD drilling targeting extensions to the planned central pit and satellite oxide pit areas,
2. Mineral Resource growth- RC drilling of priority exploration targets within the larger Productora project, and
3. Pre-feasibility study (PFS) completion- Diamond drilling to complete scheduled metallurgical and geotechnical work streams.

The drilling program is designed to test a series of high priority Ore Reserve growth targets and regional exploration targets at Productora. A number of these targets have been identified using the Company's leading-edge predictive targeting model, responsible for the discoveries of the high-grade Habanero and Rocoto zones in the latter stages of 2013. In addition, RC drilling will be directed towards testing a number of high-priority satellite targets within the larger Productora copper project.

The Ore Reserve growth drilling programme commenced in late July with one RC rig and one DD rig testing targets within close proximity to the designed central pit area.

Drilling of high priority exploration targets within the larger project is scheduled to commence in October with the addition of a third drill rig. It is important to note that this will be Hot Chili's first exploration drilling at Productora in more than 18 months.

Diamond drilling activities in support of the Company's PFS will also commence next quarter. A metallurgical diamond hole will be completed into the high-grade Habanero zone of the central pit area at Productora to facilitate further variability sulphide flotation testwork. Diamond drilling will then be directed toward completing a nine-hole geotechnical programme to further refine the Productora central pit design's slope angle model.

Metallurgical recoveries and pit slope angles utilised in the Company's first Ore Reserve estimate are considered conservative. Further refinement of these two particular items is being targeted by Hot Chili to capture further growth in the scale of the planned central pit design and its associated Ore Reserve.



**Reverse circulation drilling at Productora, August 2014.**

### **Extensive Geochemical Campaign Completed over Wider Project Area at Productora**

A large soil sampling campaign was completed over the wider Productora project area, with a total of 453 samples taken on a 400m by 200m staggered grid pattern. Samples were submitted for 48 element geochemical analysis.

This soil geochemical dataset has now been analysed and interpreted and has provided further refinement of identified alteration and litho-chemical footprints over mineralised areas of the Productora copper project. This has provided another fundamental dataset in advance of the commencement of exploration drilling at the project in October.

### **Productora Pre-feasibility Study Progress Update**

During the quarter, the Company commissioned a high level technical review of the Productora PFS. This included a comprehensive review of the following items:

1. Start-up capital expenditure estimates and operating cost estimates
2. Tailings Storage Facility (TSF) design and associated capital costs
3. PFS metallurgical testwork programme (sulphide and oxide) and associated budget

As part of the review, a quotation process for the independent management of the PFS was also undertaken. Following this review, Hot Chili have appointed highly regarded Australian engineering consulting and project management group Mintrex to lead the completion of the Productora PFS.

A large component of the PFS review included assessment of the remaining required metallurgical testwork



programme. This included:

1. Summary of metallurgical testwork conducted to date
2. Review of previous metallurgical testwork sample selection, and
3. Recommended sample selection for the remainder of the PFS metallurgical testwork programme, and proposed schedule and budget.

Metallurgical testwork re-commenced at ALS laboratories in Perth and Santiago during August. Initial work is focussed on further sulphide variability flotation tests as well as comminution testwork.

### **Copper Oxide Study Underway**

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.

Preliminary work 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.

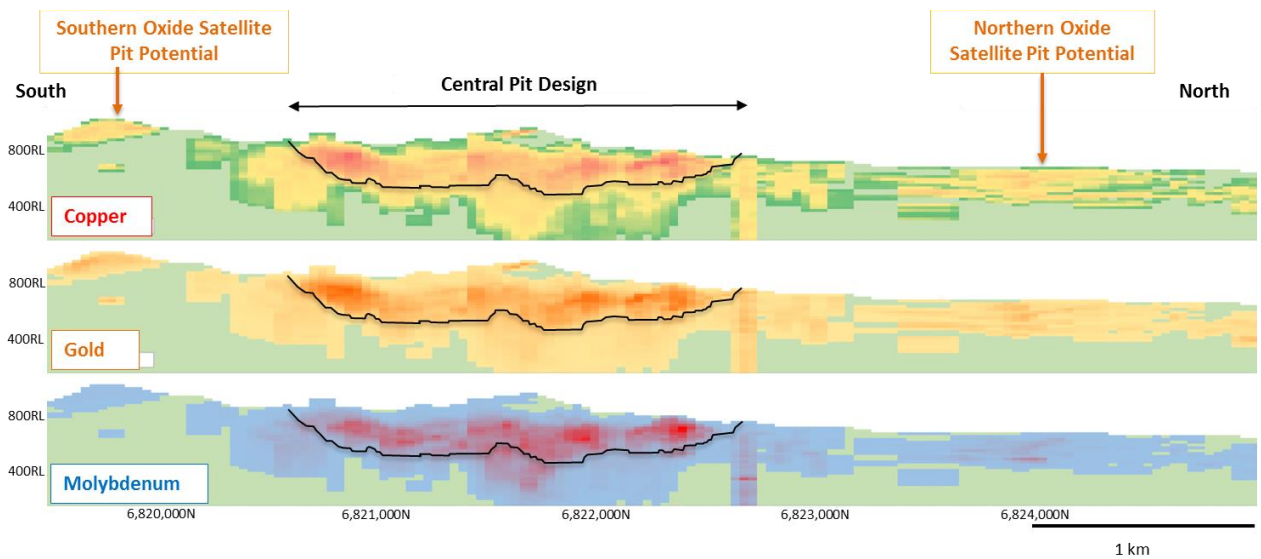
Following successful completion of a Concept Study into the copper oxide Mineral Resources at Productora, the Company initiated a more detailed study during the quarter. Key items being studied include:

- Metallurgical Response and Characterisation
  - a. Determination of leach characteristics - Bottle Roll testwork and QEMSCAN analysis
  - b. Determination of crushing characteristics (and dump leach stacking and hydrodynamic testing)
  - c. Determination of heap stacking (and heap hydrodynamic) characteristics
- Heap and Dump Leach Options
  - a. Heap Leach material preparation (crushing, screening, scrubbing, agglomeration, stacking and leaching)
  - b. Dump Leach material preparation (crushing, stacking/dumping and dump leaching)
- Process plant options to treat pregnant liquor solution (PLS) – solvent extraction (SX) and electrowinning (EW)
  - a. New process plant,
  - b. Second hand process plant
  - c. Toll treatment of PLS
- Proposed process design (heap and dump leach)
- Financial analysis (Capex, Opex, NPV)



Study of the above items has the potential to unlock the value of the current copper oxide Mineral Resource at Productora, and will also benefit any additional copper oxide Mineral Resources delineated at the project in the future. Importantly, the addition of a copper oxide project at Productora may significantly reduce pre-strip capital expenditure and overall strip ratios of mining, and add another revenue stream to the project.

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

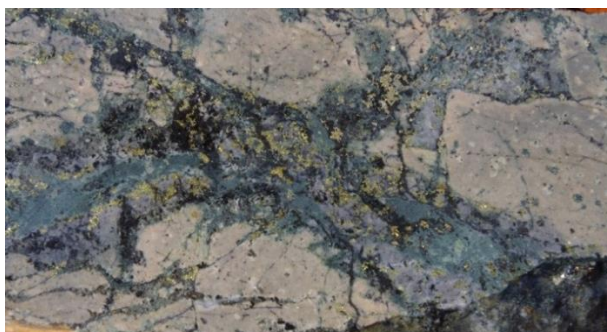


**Productora contained metal distribution for copper, gold and molybdenum projected in long section**

### Productora Geometallurgical Study Testwork Commences

A significant campaign of geometallurgical testwork designed to assist with identifying and characterising geometallurgical domains commenced during the quarter. Initially focussing on oxide and transitional material, the results of this work will be used to assist in refining the PFS Mineral Resource and Ore Reserve estimates.

The aim of the geometallurgical testwork is to develop a robust geometallurgical model, of weathering domains (oxide, transitional, fresh), and also discrete domains of processing behaviour, specifically focussed on liberation and recovery response.



**Photograph of metallurgical core displaying tourmaline-chlorite-magnetite-chalcopyrite vein intersection in K-feldspar altered breccia of porphyritic host**



## 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.

The Company's HSEQ quarterly performance is summarised below:

- No incidents during the September quarter
- Re-induction in safety and environmental compliance prior to operational drilling re-start
- First aid training course completed by site staff
- Training in fuel/ oil spillage control completed by staff and contractors
- Revision of the HSEQ Yearly Action Plan with the geological field staff

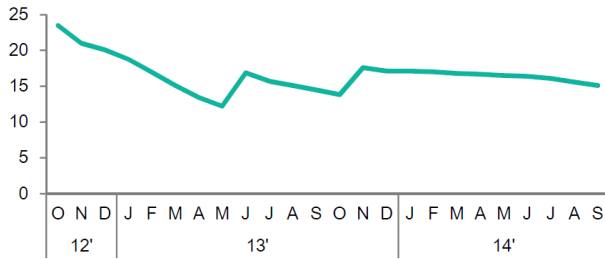
### HSEQ Quarter 3 2014 Performance and Statistics

Item	Jul-Sep/14	Cumulative (3)
LTI events	0	4
NLTI events	0	0
Days lost	0	126
LTIFR index	0.0	15.1
IFR index	0.0	18.3
ISR index	0.0	474.6
Thousands of mh (1)	20.8	265.4
Material incidents	0	4
Environmental accidents	0	0
Headcount (2)	44	-

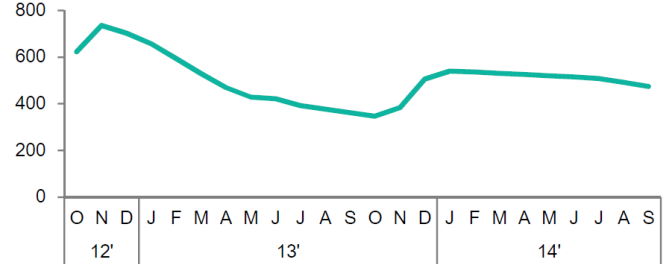
*Notes: HSEQ is the acronym for Health, Safety, Environment and Quality. LTIFR per million man hours. Statistics monthly reported to the national Mine Safety Authority through an E-100 form; (1) man-hours; (2) Average headcount for the quarter: 44; (3) cumulative stats since JAN/2012*



**Cumulative LTIFR**  
(own and contractors)



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



**Cumulative LTIFR (staff and contractors)**

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

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 for the quarter: 44; (3) cumulative stats since JAN/2012





## Tenement Details

### Tenements held at end of quarter

Project	Licence ID	Holder	% Interest	Licence Type	Area (ha)	Expiration date of the concession (dd.mm.yyyy)	Comments
PRODUCTORA	FRAN 1, 1-48	SMEA SpA	100%	Exploitation concession	300		Constituted
PRODUCTORA	FRAN 2, 1-20	SMEA SpA	100%	Exploitation concession	300		Constituted
PRODUCTORA	FRAN 3, 1-60	SMEA SpA	100%	Exploitation concession	300		Constituted
PRODUCTORA	FRAN 4, 1-20	SMEA SpA	100%	Exploitation concession	300		Constituted
PRODUCTORA	FRAN 5, 1-20	SMEA SpA	100%	Exploitation concession	300		Constituted
PRODUCTORA	FRAN 6, 1-60	SMEA SpA	100%	Exploitation concession	300		Constituted
PRODUCTORA	FRAN 7, 1-37	SMEA SpA	100%	Exploitation concession	300		Constituted
PRODUCTORA	FRAN 8, 1-30	SMEA SpA	100%	Exploitation concession	300		Constituted
PRODUCTORA	FRAN 12, 1-40	SMEA SpA	100%	Exploitation concession	200		Constituted
PRODUCTORA	FRAN 13, 1-40	SMEA SpA	100%	Exploitation concession	200		Constituted
PRODUCTORA	FRAN 14, 1-40	SMEA SpA	100%	Exploitation concession	200		Constituted
PRODUCTORA	FRAN 15, 1-60	SMEA SpA	100%	Exploitation concession	300		Constituted
PRODUCTORA	FRAN 18, 1-60	SMEA SpA	100%	Exploitation concession	300		Constituted
PRODUCTORA	FRAN 21, 1-60	SMEA SpA	100%	Exploitation concession	300		Constituted
PRODUCTORA	FRAN 22	SMEA SpA	100%	Mining Petition	400		Constituted
PRODUCTORA	ALGA 7A, 1-32	SMEA SpA	100%	Exploitation concession	89		Constituted
PRODUCTORA	ALGA VI, 5-24	SMEA SpA	100%	Exploitation concession	66		Constituted
PRODUCTORA	MONTOSA 1-4	SMEA SpA	100%	Exploitation concession	35		Constituted
PRODUCTORA	CHICA	SMEA SpA	100%	Exploitation concession	1		Constituted
PRODUCTORA	ESPERANZA 1-5	SMEA SpA	100%	Exploitation concession	11		Constituted
PRODUCTORA	LEONA SEGUNDA 1-4	SMEA SpA	100%	Exploitation concession	10		Constituted
PRODUCTORA	CARMEN I, 1-60	SMEA SpA	100%	Mining Claim	300		Being processed
PRODUCTORA	CARMEN II, 1-60	SMEA SpA	100%	Mining Claim	300		Being processed
PRODUCTORA	ZAPA 1, 1-10	SMEA SpA	100%	Exploitation concession	100		Constituted
PRODUCTORA	ZAPA 3, 1-23	SMEA SpA	100%	Exploitation concession	92		Constituted
PRODUCTORA	ZAPA 5A, 1-16	SMEA SpA	100%	Exploitation concession	80		Constituted
PRODUCTORA	ZAPA 7, 1-24	SMEA SpA	100%	Exploitation concession	120		Constituted
PRODUCTORA	CABRITO, CABRITO 1-9	SMEA SpA	80%	Exploitation concession	50		Constituted
PRODUCTORA	CUENCA A, 1-51	CMP	65%	Exploitation concession	255		5 Year- 65% JV Earn-in option Agreement executed



Project	Licence ID	Holder	% Interest	Licence Type	Area (ha)	Expiration date of the concession (dd.mm.yyyy)	Comments
PRODUCTORA	CUENCA B, 1-28	CMP	65%	Exploitation concession	139		Expiration date October 5th, 2014
PRODUCTORA	CUENCA C, 1-51	CMP	65%	Exploitation concession	255		
PRODUCTORA	CUENCA D	CMP	65%	Exploitation concession	3		
PRODUCTORA	CUENCA E	CMP	65%	Exploitation concession	1		
PRODUCTORA	CHOAPA 1-10	CMP	65%	Exploitation concession	50		
PRODUCTORA	ELQUI 1-14	CMP	65%	Exploitation concession	61		
PRODUCTORA	LIMARÍ 1-15	CMP	65%	Exploitation concession	66		
PRODUCTORA	LOA 1-6	CMP	65%	Exploitation concession	30		
PRODUCTORA	MAIPO 1-10	CMP	65%	Exploitation concession	50		
PRODUCTORA	TOLTÉN 1-4	CMP	65%	Exploitation concession	70		
PRODUCTORA	CACHIYUYITO 1, 1-60	CMP	65%	Exploitation concession	300		
PRODUCTORA	CACHIYUYITO 2, 1-60	CMP	65%	Exploitation concession	300		
PRODUCTORA	CACHIYUYITO 3, 1-60	CMP	65%	Exploitation concession	300		
PRODUCTORA	LA PRODUCTORA 1-16	SMEA SpA	100%	Exploitation concession	75		Constituted
PRODUCTORA	BUENA SUERTE 1-6	SLM BUENA SUERTE	100%	Exploitation concession	30		5 Year- 100% Purchase-option Agreement executed Expiration date November 18th, 2014. Contract modification date November 13th, 2013
PRODUCTORA	PILAR 1-2	SLM PILAR	100%	Exploitation concession	10		
PRODUCTORA	ORO INDIO I, 1-20	JGT	100%	Exploitation concession	82		5 Year- 100% Purchase-option Agreement executed Expiration date February 13th, 2017
PRODUCTORA	AURO HUASCO I, 1-8	JGT	100%	Exploitation concession	35		
PRODUCTORA	URANIO, 1-70	CCHE N	100%	Exploitation concession	350		5 year (renewable to 30) lease agreement Termination date August 22nd, 2042



Project	Licence ID	Holder	% Interest	Licence Type	Area (ha)	Expiration date of the concession (dd.mm.yyyy)	Comments
PRODUCTORA	JULI 1	SMEA SpA	100%	Exploration concession	300	12/11/2015	Constituted
PRODUCTORA	JULI 2	SMEA SpA	100%	Exploration concession	300	21/10/2015	Constituted
PRODUCTORA	JULI 3	SMEA SpA	100%	Exploration concession	300	21/10/2015	Constituted
PRODUCTORA	JULI 4	SMEA SpA	100%	Exploration concession	300	21/10/2015	Constituted
PRODUCTORA	JULI 5	SMEA SpA	100%	Exploration concession	100	12/11/2015	Constituted
PRODUCTORA	JULI 6	SMEA SpA	100%	Exploration concession	200	5/11/2015	Constituted
PRODUCTORA	JULI 7	SMEA SpA	100%	Exploration concession	200	21/10/2015	Constituted
PRODUCTORA	JULI 8	SMEA SpA	100%	Exploration concession	300	21/10/2015	Constituted
PRODUCTORA	JULI 9	SMEA SpA	100%	Exploration concession	300	21/10/2015	Constituted
PRODUCTORA	JULI 10	SMEA SpA	100%	Exploration concession	300	12/11/2015	Constituted
PRODUCTORA	JULI 11	SMEA SpA	100%	Exploration concession	300	12/11/2015	Constituted
PRODUCTORA	JULI 12	SMEA SpA	100%	Exploration concession	300	21/10/2015	Constituted
PRODUCTORA	JULI 13	SMEA SpA	100%	Exploration concession	100	12/11/2015	Constituted
PRODUCTORA	JULI 14	SMEA SpA	100%	Exploration concession	300	12/11/2015	Constituted
PRODUCTORA	JULI 15	SMEA SpA	100%	Exploration concession	300	21/10/2015	Constituted
PRODUCTORA	JULI 16	SMEA SpA	100%	Exploration concession	300	21/10/2015	Constituted
PRODUCTORA	JULI 17	SMEA SpA	100%	Exploration concession	200	21/10/2015	Constituted
PRODUCTORA	JULI 18	SMEA SpA	100%	Exploration concession	300	21/10/2015	Constituted
PRODUCTORA	JULI 19	SMEA SpA	100%	Exploration concession	300	12/11/2015	Constituted
PRODUCTORA	JULI 20	SMEA SpA	100%	Exploration concession	300	20/11/2015	Constituted
PRODUCTORA	JULI 21	SMEA SpA	100%	Exploration concession	300	21/10/2015	Constituted
PRODUCTORA	JULI 22	SMEA SpA	100%	Exploration concession	300	21/10/2015	Constituted
PRODUCTORA	JULI 23	SMEA SpA	100%	Exploration concession	300	21/10/2015	Constituted
PRODUCTORA	JULI 24	SMEA SpA	100%	Exploration concession	300	5/11/2015	Constituted
PRODUCTORA	JULI 25	SMEA SpA	100%	Exploration concession	300	12/11/2015	Constituted
PRODUCTORA	JULI 26	SMEA SpA	100%	Exploration concession	300	21/10/2015	Constituted
PRODUCTORA	JULI 27	SMEA SpA	100%	Exploration concession	200	21/10/2015	Constituted
PRODUCTORA	JULI 28	SMEA SpA	100%	Exploration concession	300	21/10/2015	Constituted
PRODUCTORA	JULIETA 1	SMEA SpA	100%	Exploration concession	100	5/11/2015	Constituted
PRODUCTORA	JULIETA 2	SMEA SpA	100%	Exploration concession	200	5/11/2015	Constituted
PRODUCTORA	JULIETA 3	SMEA SpA	100%	Exploration concession	300	12/11/2015	Constituted
PRODUCTORA	JULIETA 4	SMEA SpA	100%	Exploration concession	200	5/11/2015	Constituted
PRODUCTORA	JULIETA 5	SMEA SpA	100%	Exploration concession	300	5/11/2015	Constituted
PRODUCTORA	JULIETA 6	SMEA SpA	100%	Exploration concession	300	5/11/2015	Constituted



Project	Licence ID	Holder	% Interest	Licence Type	Area (ha)	Expiration date of the concession (dd.mm.yyyy)	Comments
PRODUCTORA	JULIETA 7	SMEA SpA	100%	Exploration concession	300	12/11/2015	Constituted
PRODUCTORA	JULIETA 8	SMEA SpA	100%	Exploration concession	300	12/11/2015	Constituted
PRODUCTORA	JULIETA 9	SMEA SpA	100%	Exploration concession	300	5/11/2015	Constituted
PRODUCTORA	JULIETA 10	SMEA SpA	100%	Exploration concession	300	5/11/2015	Constituted
PRODUCTORA	JULIETA 11	SMEA SpA	100%	Exploration concession	300	5/11/2015	Constituted
PRODUCTORA	JULIETA 12	SMEA SpA	100%	Exploration concession	300	12/11/2015	Constituted
PRODUCTORA	JULIETA 13	SMEA SpA	100%	Exploration concession	300	12/11/2015	Constituted
PRODUCTORA	JULIETA 14	SMEA SpA	100%	Exploration concession	300	5/11/2015	Constituted
PRODUCTORA	JULIETA 15	SMEA SpA	100%	Exploration concession	200	5/11/2015	Constituted
PRODUCTORA	JULIETA 16	SMEA SpA	100%	Exploration concession	200	5/11/2015	Constituted
PRODUCTORA	JULIETA 17	SMEA SpA	100%	Exploration concession	200	12/11/2015	Constituted
PRODUCTORA	JULIETA 18	SMEA SpA	100%	Exploration concession	200	12/11/2015	Constituted
PRODUCTORA	JULIETA 19	SMEA SpA	100%	Exploration concession	200	5/11/2015	Constituted
PRODUCTORA	ARENA 1	SMEA SpA	100%	Mining petition	100		Being processed
PRODUCTORA	ARENA 2	SMEA SpA	100%	Mining petition	200		Being processed
BANDERAS	TITIRUTA 2, 1-14	SMEA SpA	100%	Mining claim	57		Being processed
BANDERAS	RENACIMIENTO 1-10	JSR	65%	Exploitation Concession	44		5 Year- 65% JV Earn-in option Agreement executed Expiration date December 12th, 2016
BANDERAS	ESCONDIDA 1-10	ADC	65%	Exploitation Concession	50		5 Year- 65% JV Earn-in option Agreement executed Expiration date February 28th, 2017
BANDERAS	BANDERITA 1-5	SLM BANDERITA	100%	Exploitation Concession	5		4 Year- 100% Purchase-option Agreement executed Expiration date November 29th, 2015
BANDERAS	RESGUARDO 1, 2, 3, 4, 5, 6, 7, 8, 12, 13, 14 y 20	SLM RESGUARDO	100%	Exploitation Concession	60		
BANDERAS	RESGUARDO 9, 10, 11, 15, 16, 17, 18 y 20	SLM RESGUARDO	100%	Exploitation Concession	40		
BANDERAS	CONEJA 1-10	SMEA SpA	100%	Exploitation Concession	100		Constituted
BANDERAS	COTOTO 1, 1-60	IPL	100%	Mining Claim	300		Being processed
BANDERAS	COTOTO 2, 1-60	IPL	100%	Mining Claim	300		Being processed
BANDERAS	COTOTO 3, 1-60	IPL	100%	Mining Claim	300		Being processed



Project	Licence ID	Holder	% Interest	Licence Type	Area (ha)	Expiration date of the concession (dd.mm.yyyy)	Comments
BANDERAS	COTOTO 4, 1-60	IPL	100%	Mining Claim	300		Being processed
BANDERAS	COTOTO 5, 1-60	IPL	100%	Mining Claim	300		Being processed
BANDERAS	COTOTO 6, 1-60	IPL	100%	Mining Claim	300		Being processed
BANDERAS	COTOTO 7, 1-60	IPL	100%	Mining Claim	300		Being processed
BANDERAS	COTOTO 8, 1-60	IPL	100%	Mining Claim	300		Being processed
BANDERAS	PIMPOLLA 1, 1-60	IPL	100%	Mining Claim	300		Being processed
BANDERAS	PIMPOLLA 2, 1-60	IPL	100%	Mining Claim	300		Being processed
BANDERAS	PIMPOLLA 3, 1-60	IPL	100%	Mining Claim	300		Being processed
BANDERAS	PIMPOLLA 4, 1-60	IPL	100%	Mining Claim	300		Being processed
BANDERAS	PIMPOLLA 5, 1-60	IPL	100%	Mining Claim	300		Being processed
BANDERAS	PIMPOLLA 6, 1-60	IPL	100%	Mining Claim	300		Being processed
BANDERAS	PIMPOLLA 7, 1-60	IPL	100%	Mining Claim	300		Being processed
BANDERAS	PIMPOLLA 8, 1-60	IPL	100%	Mining Claim	300		Being processed
BANDERAS	BLANCA 1	SMEA SpA	100%	Exploration concession	200	11/02/2016	Constituted
BANDERAS	BLANCA 2	SMEA SpA	100%	Exploration concession	300	11/02/2016	Constituted
BANDERAS	BLANCA 3	SMEA SpA	100%	Exploration concession	300	11/02/2016	Constituted
BANDERAS	BLANCA 4	SMEA SpA	100%	Exploration concession	300	11/02/2016	Constituted
BANDERAS	BLANCA 5	SMEA SpA	100%	Exploration concession	300	11/02/2016	Constituted
BANDERAS	BLANCA 6	SMEA SpA	100%	Exploration concession	300	11/02/2016	Constituted
BANDERAS	BLANCA 7	SMEA SpA	100%	Exploration concession	300	11/02/2016	Constituted



Project	Licence ID	Holder	% Interest	Licence Type	Area (ha)	Expiration date of the concession (dd.mm.yyyy)	Comments
BANDERAS	BLANCA 8	SMEA SpA	100%	Exploration concession	300	11/02/2016	Constituted
BANDERAS	BLANCA 9	SMEA SpA	100%	Exploration concession	300	11/02/2016	Constituted
BANDERAS	BLANCA 10	CNP	100%	Mining petition	100		Constituted
BANDERAS	BLANCA 11	CNP	100%	Mining petition	100		Being processed
BANDERAS	BLANCA 12	CNP	100%	Mining petition	200		Being processed
BANDERAS	BLANCA 13	CNP	100%	Mining petition	100		Being processed
FRONTERA	LA UNION 1-2	Compañía Minera Taruca SCM	100%	Exploitation Concession	10		30 month - 100% Purchase-option Agreement executed Expiration date November 30th, 2014
FRONTERA	JOTA 1	Compañía Minera Taruca SCM	100%	Exploration concession	1		
FRONTERA	MADRID 2, 1-60	Compañía Minera Taruca SCM	100%	Mining claim	300		
LOS MANTOS	LEONOR F3	MLA	60%	Exploration	200		
LOS MANTOS	LEONOR E8	MLA	60%	Exploration	200		
LOS MANTOS	LEONOR E9	MLA	60%	Exploration	400		
LOS MANTOS	HAPI C1, 1-30	MLA	60%	Exploitation concession	300		
LOS MANTOS	HAPI C3, 1-60	MLA	60%	Exploitation concession	300		
LOS MANTOS	HAPI C4, 1-30	MLA	60%	Exploitation concession	300		
LOS MANTOS	HAPI C5, 1-30	MLA	60%	Exploitation concession	300		
LOS MANTOS	HAPI C14, 1-30	MLA	60%	Exploitation concession	300		



Project	Licence ID	Holder	% Interest	Licence Type	Area (ha)	Expiration date of the concession (dd.mm.yyyy)	Comments
LOS MANTOS	HAPI D1, 1-60	MLA	60%	Exploitation concession	600		
LOS MANTOS	HAPI D2, 1-60	MLA	60%	Exploitation concession	588		
LOS MANTOS	HAPI D5, 1-30	MLA	60%	Exploitation concession	300		
LOS MANTOS	HAPI D7, 1-60	MLA	60%	Exploitation concession	60		
LOS MANTOS	HAPI D8, 1-10	MLA	60%	Exploitation concession	100		
LOS MANTOS	HAPI D9, 1-30	MLA	60%	Mining claim	244		
LOS MANTOS	JADABA B1, 1-20	MLA	60%	Exploitation concession	200		
LOS MANTOS	JADABA B2, 1-30	MLA	60%	Mining claim	292		
LOS MANTOS	JADABA B3, 1-20	MLA	60%	Exploitation concession	172		
LOS MANTOS	JADABA B15, 1-10	MLA	60%	Exploitation concession	99		
LOS MANTOS	JADABA C2, 1-20	MLA	60%	Exploitation concession	200		
LOS MANTOS	JADABA C3, 1-60	MLA	60%	Exploitation concession	504		
LOS MANTOS	JADABA C12, 1-80	MLA	60%	Exploitation concession	723		
LOS MANTOS	JADABA C14, 11-20	MLA	60%	Exploitation concession	100		
LOS MANTOS	JADABA C15, 1-10	MLA	60%	Exploitation concession	100		
LOS MANTOS	LEONOR C9, 1-20	MLA	60%	Exploitation concession	200		



Project	Licence ID	Holder	% Interest	Licence Type	Area (ha)	Expiration date of the concession (dd.mm.yyyy)	Comments
LOS MANTOS	HAPI F1 (OVERLAPS HAPI E1)	MLA	60%	Exploration	900		
LOS MANTOS	HAPI F2 (OVERLAPS HAPI E2)	MLA	60%	Exploration	900		5 Year- 60% JV Option Agreement executed
LOS MANTOS	HAPI G1(OVERLAPS HAPI E3)	MLA	60%	Exploration	600		
LOS MANTOS	HAPI F4 (OVERLAPS HAPI E4)	MLA	60%	Exploration	300		
LOS MANTOS	HAPI G3 (OVERLAPS HAPI E5)	MLA	60%	Exploration	200		
LOS MANTOS	HAPI F3 (OVERLAPS HAPI E6)	MLA	60%	Mining petition	200		
LOS MANTOS	HAPI E7, 1-20 (OVERLAPS HAPI E7)	MLA	60%	Mining petition	200		
LOS MANTOS	HAPI F5 (OVERLAPS HAPI E8)	MLA	60%	Exploration	400		
LOS MANTOS	HAPI F6 (OVERLAPS HAPI E9)	MLA	60%	Exploration	200		
LOS MANTOS	HAPI F7 (OVERLAPS HAPI E10)	MLA	60%	Exploration	300		
LOS MANTOS	HAPI F8 (OVERLAPS HAPI E11)	MLA	60%	Mining petition	300		
LOS MANTOS	HAPI F9 (OVEROLAPS HAPI E12)	MLA	60%	Mining petition	400		
LOS MANTOS	HAPI F10 (OVERLAPS HAPI E13)	MLA	60%	Mining petition	600		
LOS MANTOS	HAPI F11 (OVERLAPS HAPI E14)	MLA	60%	Mining petition	200		
LOS MANTOS	JADABA E1 (OVERLAPS JADABA D1)	MLA	60%	Exploration	200		
LOS MANTOS	JADABA E2 (OVERLAPS JADABA D2)	MLA	60%	Exploration	200		





Project	Licence ID	Holder	% Interest	Licence Type	Area (ha)	Expiration date of the concession (dd.mm.yyyy)	Comments
LOS MANTOS	JADABA E3 (OVERLAPS JADABA D3)	MLA	60%	Mining petition	300		
LOS MANTOS	JADABA E4 (OVERLAPS JADABA D4)	MLA	60%	Mining petition	200		
LOS MANTOS	JADABA E5 (OVERLAPS JADABA D5)	MLA	60%	Exploration	400		
LOS MANTOS	JADABA E6 (OVERLAPS JADABA D6)	MLA	60%	Exploration	600		
LOS MANTOS	JADABA E7 (OVERLAPS JADABA D7)	MLA	60%	Exploration	300		
LOS MANTOS	JADABA E8 (OVERLAPS JADABA D8)	MLA	60%	Exploration	400		
LOS MANTOS	JADABA E9 (OVERLAPS JADABA D9)	MLA	60%	Exploration	1200		
LOS MANTOS	JADABA D9, 1-60 (OVERLAPS JADABA D9)	MLA	60%	Mining claim	600		
LOS MANTOS	JADABA E10 (OVERLAPS JADABA D10)	MLA	60%	Exploration	1200		
LOS MANTOS	JADABA D10, 1-20 (OVERLAPS JADABA D10)	MLA	60%	Mining claim	200		
LOS MANTOS	JADABA E11 (OVERLAPS JADABA D11)	MLA	60%	Exploration	800		
LOS MANTOS	JADABA E12 (OVERLAPS JADABA D12)	MLA	60%	Exploration	600		
LOS MANTOS	JADABA E13 (OVERLAPS JADABA D13)	MLA	60%	Exploration	800		
LOS MANTOS	JADABA E14 (OVERLAPS JADABA D14)	MLA	60%	Exploration	300		
LOS MANTOS	JADABA E15 (OVERLAPS JADABA D15)	MLA	60%	Exploration	200		
LOS MANTOS	MONICA E1 (OVERLAPS MONICA D1)	MLA	60%	Exploration	200		



### **Tenement Changes during the Quarter**

None.



## Qualifying Statements

### JORC Compliant Ore Reserve Statement

Productora Open Pit Probable Ore Reserve Statement – Reported 31<sup>st</sup> 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
<b>Total</b>	<b>Probable</b>	<b>90.5</b>	<b>0.48</b>	<b>0.11</b>	<b>172</b>	<b>433,000</b>	<b>308,000</b>	<b>15,500</b>	<b>350,000</b>	<b>152,000</b>	<b>9,000</b>

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 31<sup>st</sup> 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
<b>Total</b>	<b>214.3</b>	<b>0.48</b>	<b>0.10</b>	<b>138</b>	<b>1,029,000</b>	<b>675,000</b>	<b>29,000</b>

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.

### Mineral Resource and Ore Reserve Confirmation

The information in this report that relates to Mineral Resources and Ore Reserve estimates on the Productora copper projects were originally reported in the ASX announcements “Maiden Ore Reserve at Productora Set for Strong Growth in 2014”, dated 31st March 2014. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.



#### **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 announcement 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 ASX announcements "Maiden Ore Reserve at Productora Set for Strong Growth in 2014", dated 31st March 2014 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 announcement 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 ASX announcements "Maiden Ore Reserve at Productora Set for Strong Growth in 2014", dated 31st March 2014 of the matters based on their information in the form and context in which it appears.

#### **Forward Looking Statements**

This announcement contains "forward-looking statements". All statements other than those of historical facts included in this 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, copper 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 this 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 this 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 this announcement nor any information contained in this announcement or subsequently communicated to any person in connection with this 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 September 2014

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (3months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(4,280)	(4,280)
	(b) development	(287)	(287)
	(c) production		
	(d) administration	(1,044)	(1,044)
1.3	VAT credit received	9,372	9,372
1.4	Interest and other items of a similar nature received	11	11
1.5	Interest and other costs of finance paid	(383)	(383)
1.6	Income taxes paid		
1.7	Other GST	67	67
		3,456	3,456
<b>Net Operating Cash Flows</b>			
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets	(12)	(12)
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)		
		(12)	(12)
<b>Net investing cash flows</b>			
1.13	Total operating and investing cash flows (carried forward)	3,444	3,444



1.13	Total operating and investing cash flows (brought forward)	3,444	3,444
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Cost of capital raising		
1.19	Other (provide details if material)(Borrowing costs)	(358)	(358)
	<b>Net financing cash flows</b>	(358)	(358)
	<b>Net increase (decrease) in cash held</b>	3,086	3,086
1.20	Cash at beginning of quarter/year to date	12,769	12,769
1.21	Exchange rate adjustments to item 1.20	525	525
1.22	<b>Cash at end of quarter</b>	16,380	16,380

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	160
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

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

#### Financing facilities available

Add notes as necessary for an understanding of the position.



	Amount available	Amount used
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	4,000
4.2 Development	1,650
4.3 Production	
4.4 Administration	800
<b>Total</b>	<b>6,450</b>

#### 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	16,292	12,681
5.2 Deposits at call	88	88
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>16,380</b>	<b>12,769</b>



### 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	<b>Preference securities</b> <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	347,732,196	347,732,196	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	<b>+Convertible debt securities</b> <i>(description)</i>			





		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>	500,000		One dollar	<i>Exercisable after 29/1/2014 Expiry date 30/1/2015</i>
		39,754,097		75 cents	<i>Exercisable on or before 30/11/2014</i>
		11,000,000		30 cents	<i>Exercisable on or before 27 June 2019</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				



		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.10	Expired during quarter	1,000,000		<i>Exercise price 90 cents</i>	<i>Exercisable after 19/7/2012 Expiry date 20/7/2014</i>
		2,500,000		<i>Exercise price 90 cents</i>	<i>Exercisable after 19/7/2013 Expiry date 20/7/2014</i>
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <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.

A handwritten signature in dark ink, appearing to read "John Sendziuk", written over a horizontal line.

John Sendziuk

(Company secretary)

31/10/2014

## 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.

== == == == ==