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QUARTERLY REPORT

Period Ending September 30th 2015

Highlights

- **Four large copper porphyry targets identified by cutting-edge IP/MT geophysical survey at Productora copper project**
- **Fresh drilling results from Productora point to significant initial resource at Alice copper porphyry deposit**
- **Hot Chili and its partner in the Productora Project, Compañía Minera del Pacífico S.A. (CMP) have executed a non-binding Letter of Intent (LOI) to eventually form a Joint Venture (JV) and combine landholdings to explore and develop a second copper project in Frontera – Chile**

Summary of Activities

The Company has completed a very exciting quarter, with the completion of a cutting-edge IP/MT geophysical survey that was successful in identifying four more large copper porphyry targets at its flagship Productora copper project in Chile.

The Company regards the discovery of the multiple large copper porphyry targets as a highly significant breakthrough which could transform its Productora project into a Tier-1 copper asset.

The latest IP/MT results are considered exceptionally promising because they could lead to a significant increase in the copper inventory, and therefore the production rate and mine life of Productora.

Drilling at the Alice copper porphyry deposit also concluded during the quarter, with drill results to date confirming that Alice will feature in an expanded Mineral Resource and Ore Reserve estimate, planned to be released with the Productora PFS this year.

The Company took another key step in its strategy to develop a world-class copper production hub in Chile, with the execution of a non-binding agreement to eventually form a joint venture with Compañía Minera del Pacífico S.A. (CMP) at its Frontera project, located just 50km south of the Productora copper project.

Hot Chili are in the final stages of completing a Pre-feasibility study (PFS) over Productora. The PFS and an Independent Valuation will trigger the commencement of a 90 day period in which CMP has to exercise the first tranche of its Option to purchase a further 32.6% interest in Productora.

ASX Code

HCH

Contact

Mr Christian Easterday
Managing Director

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www.hotchili.net.au





PROJECT ACTIVITIES

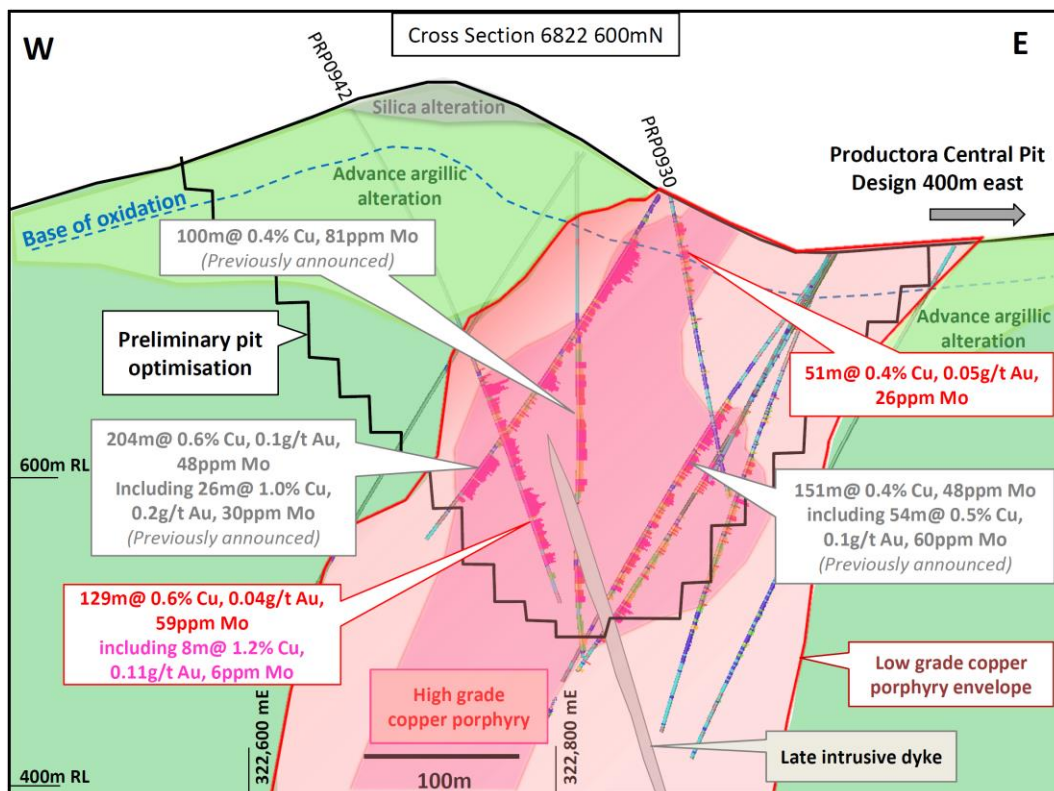
Drilling Concludes At Alice

During the quarter Hot Chili concluded a 9,000m drilling program over its Alice copper porphyry deposit, discovered late last year at the Productora copper project in Chile.

Drilling was designed to define and test extensions to Alice, located 400m directly west of the planned central pit development. Results are set to underpin an initial Mineral Resource and Ore Reserve at Alice, ahead of the Productora PFS, due to be released this year.

The establishment of substantial copper porphyry Mineral Resources is important to Productora because it would both increase the overall mine life and raise the possibility of increasing production rate beyond the currently planned rate of 55,000 to 65,000 tonnes of copper a year.

Results announced from this drilling include **129m grading 0.6% copper from 188m depth, including 8m grading 1.2% copper and 0.1g/t gold** (see ASX announcement "Fresh Drilling Results Point to Significant Maiden Resource at Alice Copper Porphyry Deposit", dated 13th July 2015).



Cross section displaying the location of new copper drilling intersections at the Alice copper porphyry deposit, Productora copper project.



Major Exploration Breakthrough Identifies Four Large Copper Porphyry Targets

During the quarter a cutting-edge IP/MT geophysical survey was successful in identifying four additional large copper porphyry targets at the Company's flagship Productora project in Chile.

The survey results show that these targets which are in addition to the Alice copper porphyry deposit, are the likely sources of a +6.5km-long copper porphyry footprint previously identified at Productora.

The latest results are considered exceptionally promising because they could lead to a significant increase in the copper inventory (currently 1Mt of copper and 675,000oz of gold) and therefore the production rate and mine life of Productora.

The Company believes that targets of these sizes have strong potential to transform Productora into a Tier-1 project of global significance, which could have a substantial impact on the project's economics and mine life.

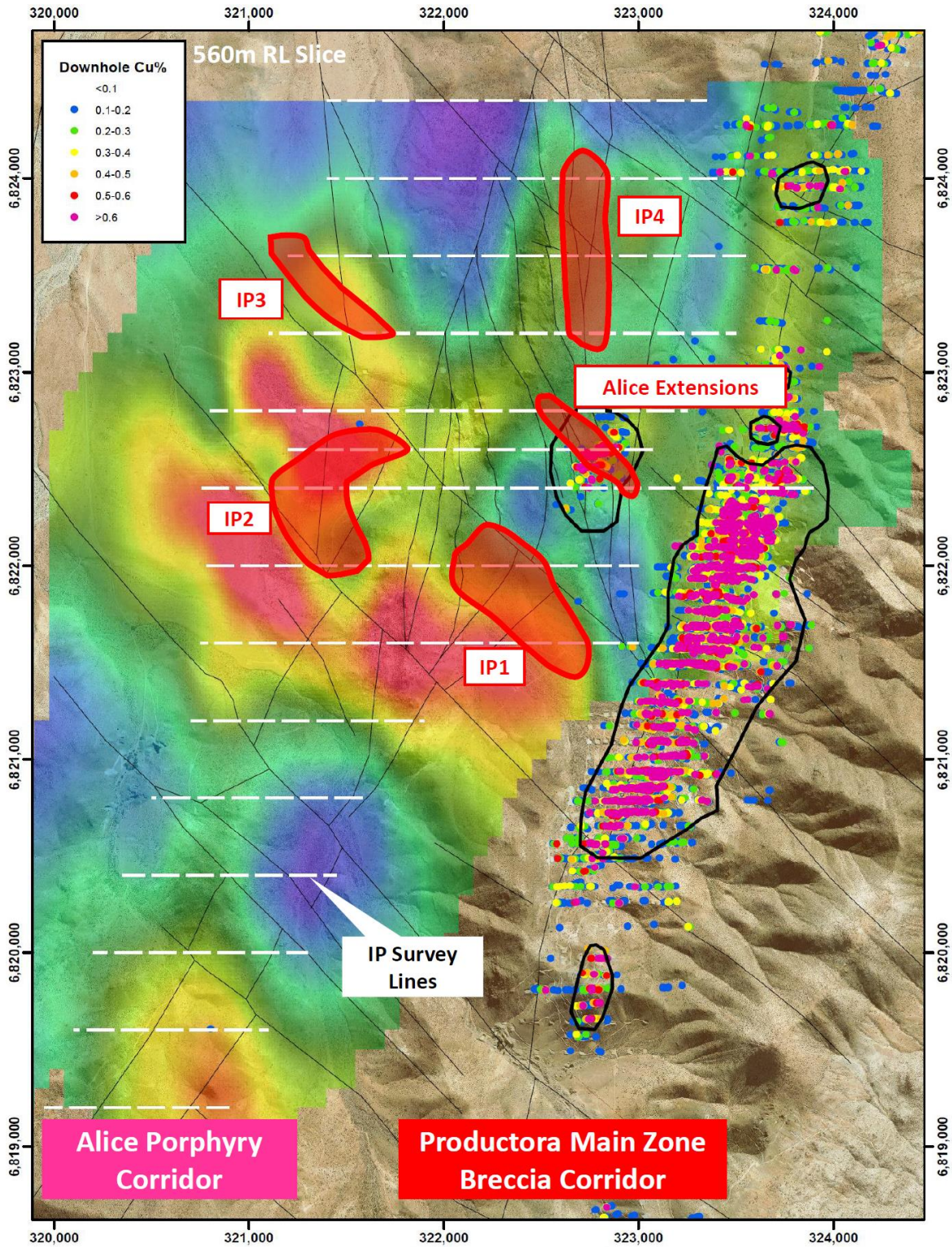
SouthernRock Geophysics (consultants) conducted the 150m Pole-Dipole Induced Polarization / Resistivity & Magneto-Telluric (IP/MT) survey at the Productora project in an effort to provide detailed 2D and 3D mapping of the resistivity and induced polarization parameters over the 6.5km-long porphyry-style target area at Productora.

The 26.7 line km survey enabled reasonable mapping of IP and MT to depths of approximately 700m and 1,500m respectively. Post data collection processing was completed during the quarter, with the Company and its consultants reviewing and integrating this data with all other datasets over the porphyry target area.

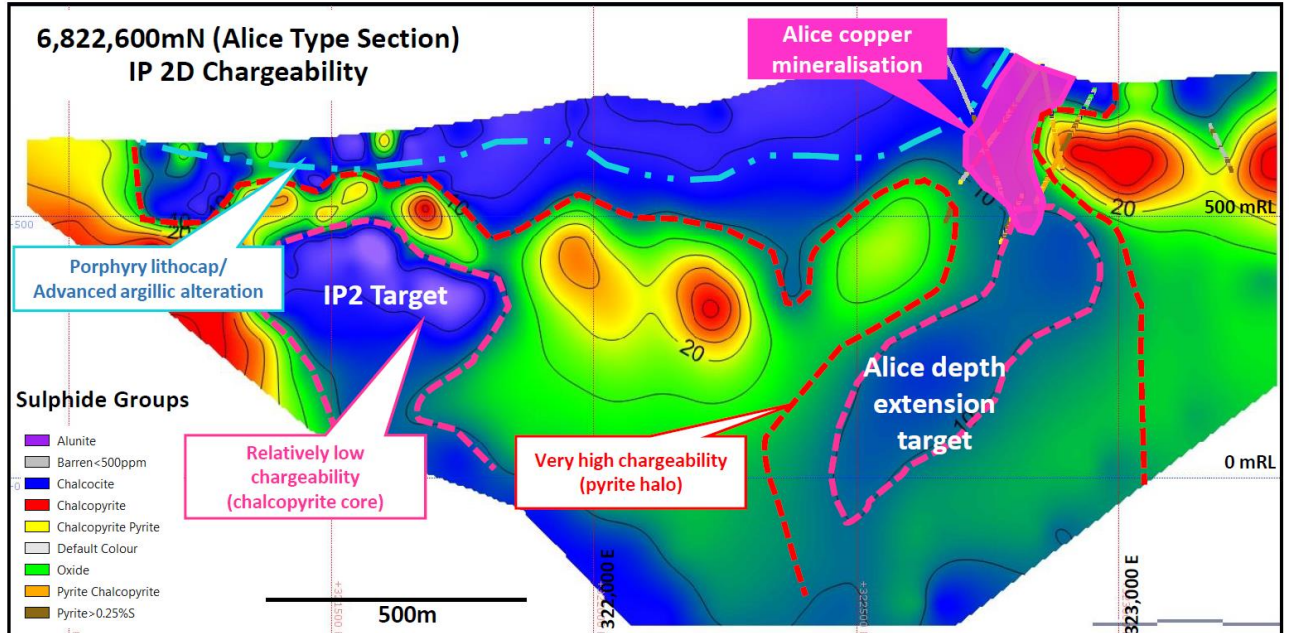
This review identified four large "Alice look-alike" porphyry targets immediately alongside the Main Zone in addition to potential major depth and strike extensions to the Alice discovery area.

An IP/MT type section was completed across Alice to test the signature and response to known and defined copper porphyry mineralisation at the project. This type section detected a chargeable halo surrounding copper mineralisation at Alice, which was strongly correlated to pyrite zonation already defined in drilling. This feature (pyrite shell surrounding copper porphyry mineralisation) is common in other copper porphyry deposits globally and has been identified in all four "Alice look-alike" porphyry targets.

A drilling programme is being designed to test these highly promising targets in the New Year.

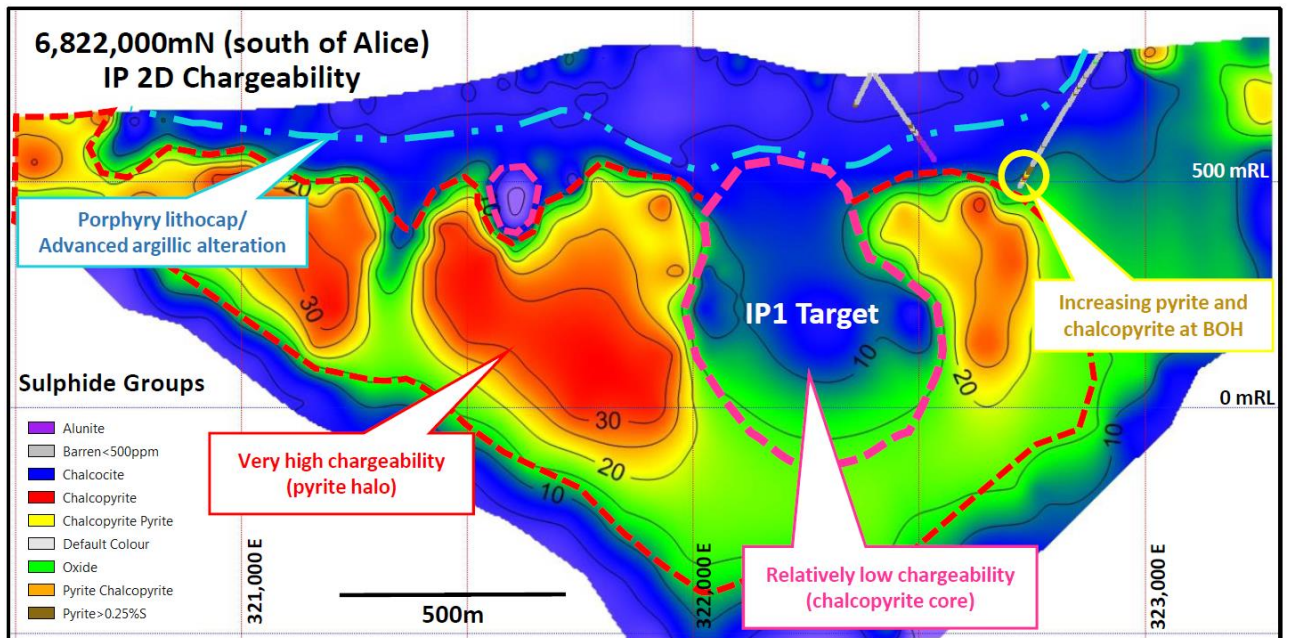


Plan displaying the location of new copper porphyry IP targets in relation to the Alice copper porphyry discovery and planned Productora central pit design.



Drillholes displaying sulphide alteration

Type Cross section across Alice copper porphyry deposit displaying the chargeability response in relation to location of new copper drilling intersections at Productora. Note the depth extension potential below Alice and also the IP2 target 1km west of Alice. Both show similar chargeability halos (interpreted pyrite zonation).



Drillholes displaying sulphide alteration

IP section across the IP1 copper porphyry target displaying a large chargeability halo around an elliptical large chargeability low. The interpreted lithocap overlying the target is approximately 200m in thickness from surface.



Productora Pre-feasibility Study on Track for Completion in 2015

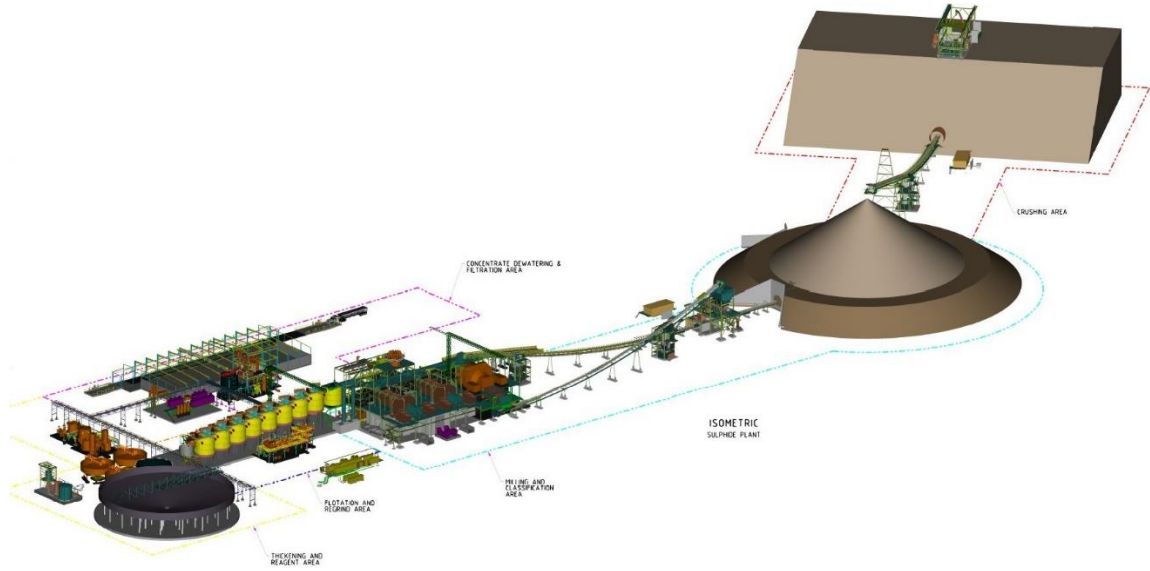
The Pre-feasibility Study (PFS) for Productora is due to be completed this year, with the study now in its final stages and completion imminent.

Pre-feasibility study status:

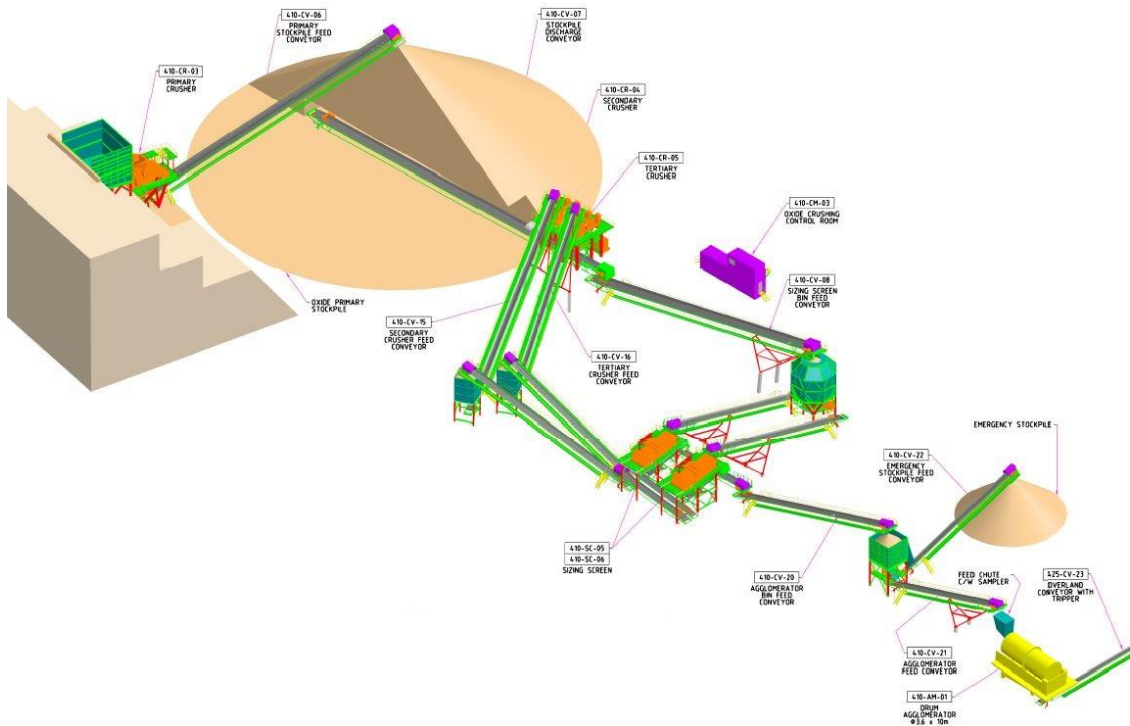
- Metallurgical test work complete
 - Copper, gold and molybdenum recovery models completed for transition and fresh
 - Heap leach recovery models completed for oxide
 - Comminution testwork complete and modelled
- Operating Costs complete
- Pit Optimisation, Mine Design and Scheduling underway
- Project layout complete
- Sulphide Process plant engineering complete, pending final review
- Oxide Crushing and stacking plant engineering complete, pending final review
- SXEW Engineering complete, pending final review
- Capital Cost Estimate nearing completion



HCH and CMP technical teams reviewing PFS development layout plans at Productora copper project



Productora sulphide process plant design



Productora oxide crushing, stockpiling and agglomeration plant design



CORPORATE ACTIVITIES

Hot Chili and CMP sign Non-Binding Letter of Intent on Second Copper Project

Hot Chili has taken another key step in its strategy to develop a world-class copper production hub in South America, with a non-binding agreement announced during the quarter to eventually form a joint venture with Compañía Minera del Pacífico S.A. (CMP) at its Frontera project. Both Companies are already joint venture partners at the Productora copper project 50km north from Frontera.

The proposed joint venture between the Companies is aimed at unlocking the value of Frontera through both exploration and development, with the value then being leveraged by tying the project into the wider production hub, enabling the two projects to potentially share key infrastructure.

Hot Chili intends to maximise the value of Frontera by combining the two Companies' skills and assets, as has been achieved at Productora.

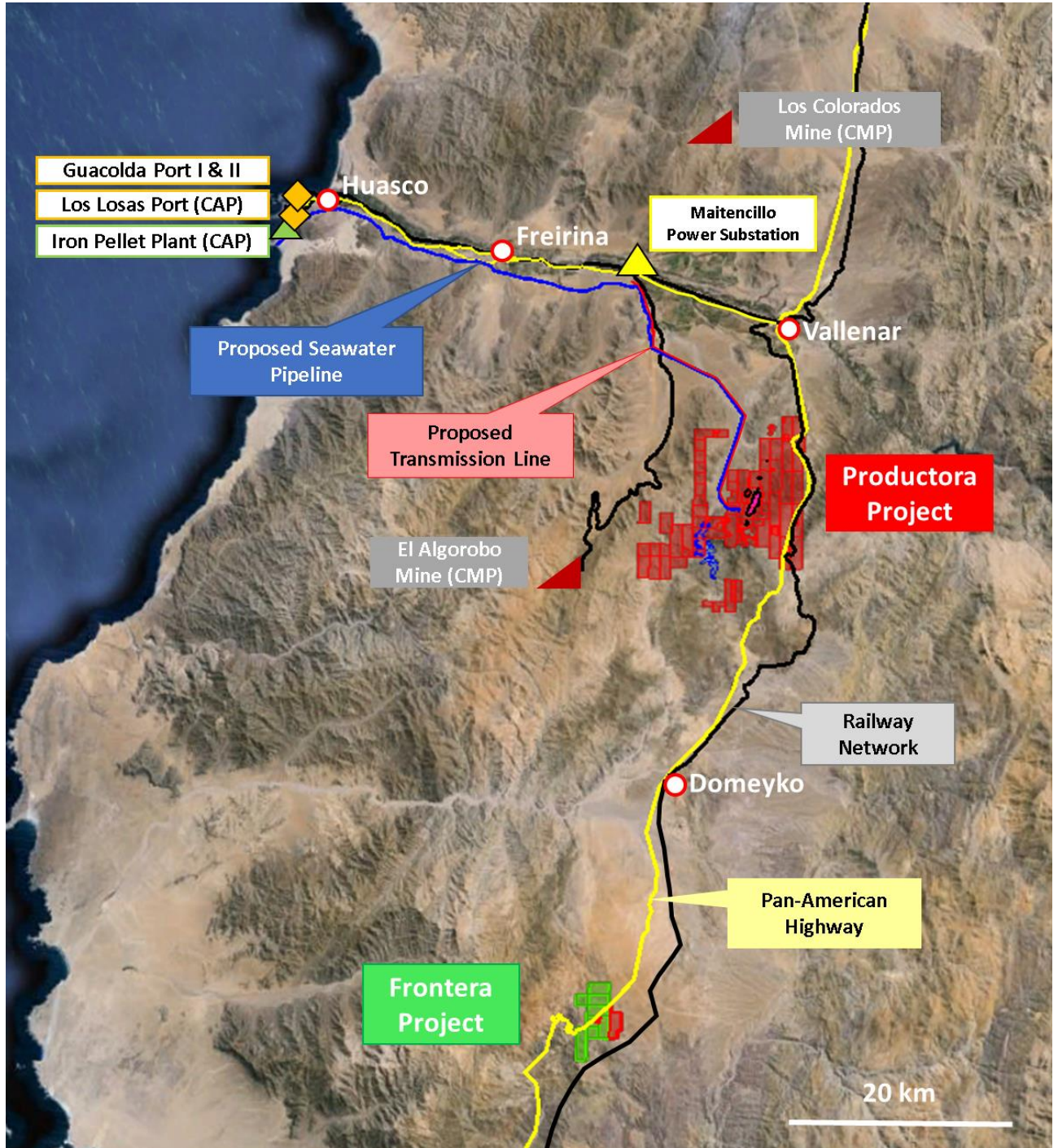
While Hot Chili's focus is the development of Productora, Frontera has the potential to deliver further critical mass and diversity to the Company's production hub strategy while generating cost reductions associated with infrastructure sharing.

The Company looks forward to working with CMP over the coming months toward finalising the terms of a formal Joint Venture agreement for Frontera and adding to a growing relationship.

For further details on the non-binding LOI executed with CMP over Frontera refer to ASX announcement "Hot Chili and CMP Execute LOI for Frontera Copper Project" released 16th October 2015.

Hot Chili and CMP are now working together to negotiate formal agreements to the proposed JV at Frontera. The final agreements, once completed and mutually satisfactory, will be subject to Board approval by both companies.

The Company looks forward to concluding these negotiations in the coming months, ahead of its plan to release an initial combined resource estimate for Frontera. This is expected to be a significant starting point for the commencement of exploration and resource growth activities at Frontera in 2016.



Location of the Frontera copper project in relation to existing infrastructure surrounding the Productora copper project, Region III Chile



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. Field operations during the period included RC and DD drilling, and the IP/MT geophysical survey. Filed operations were concluded on 9th September.

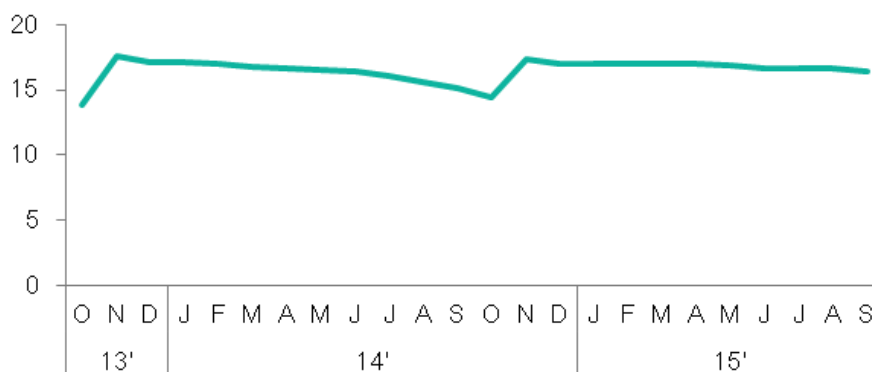
The Company's HSEQ quarterly performance is summarised below:

HSEQ Quarter 3 2015 Performance and Statistics

Item	Jul-Sep /15	Last 24 Months
LTI events	0	2
NLTI events	0	1
Days lost	0	0
LTIFR index	0	16.4
ISR index	0	420.3
Thousands of mh (1)	1.7	304.5
Environmental accidents	0	0
Headcount (2)	13	-

Notes: HSEQ is the acronym for Health, Safety, Environment and Quality. LTIFR per million man hours. Safety performance is reported on a monthly basis to the National Mine Safety Authority on a standard E-100 form; (1) man-hours; (2) Average monthly headcount

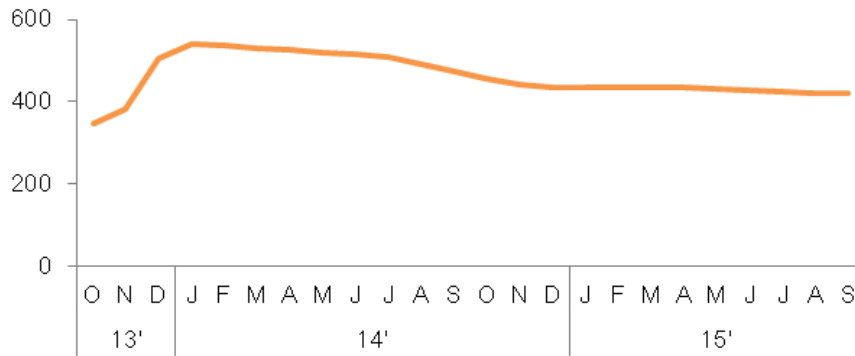
Cumulative LTIFR



Cumulative LTIFR (staff and contractors). Last 24 months



Cumulative Injury Severity Rate (ISR)



Cumulative Injury Severity Rate (ISR) (staff and contractors). Last 24 months

Tenement Changes during the Quarter

None



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.



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 and “Hot Chili Emerging as Significant Chilean Copper House with Maiden Resource at its Second Project”, dated 11th 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 2015

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (3months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(2,423)	(2,423)
	(b) development	(724)	(724)
	(c) production	(726)	(726)
	(d) administration	(297)	(297)
	Research and Development		
1.3	VAT credit received		
1.4	Interest and other items of a similar nature received	6	6
1.5	Interest and other costs of finance paid	(489)	(489)
1.6	Income taxes paid		
1.7	Other GST and R&D refund		
Net Operating Cash Flows		(4,653)	(4,653)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
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- Option Fee	2,139	2,139



		-	-
	Net investing cash flows		
1.13	Total operating and investing cash flows (carried forward)	(2,514)	(2,514)
1.13	Total operating and investing cash flows (brought forward)	(2,514)	(2,514)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2,597	2,597
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)	(65)	(65)
	Net financing cash flows	2,532	2,532
	Net increase (decrease) in cash held	18	18
1.20	Cash at beginning of quarter/year to date	7,113	7,113
1.21	Exchange rate adjustments to item 1.20	203	203
1.22	Cash at end of quarter	7,334	7,334

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	146
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.
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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	Amount used \$A
3.1 Loan facilities	18.5 Million USD	10 Million USD
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	450
4.2 Development	650
4.3 Production	
4.4 Administration	280
4.5 Interest Payments	420
Total	1,800

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	7,246	7,025
5.2 Deposits at call	88	88
5.3 Bank overdraft		
5.4 Other (provide details)		



Total: cash at end of quarter (item 1.22)	7,334	7,113
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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 (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 Ordinary securities	420,116,929	420,116,929		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	21,645,017	21,645,017	12 cents	Fully paid
7.5 Convertible debt securities (description)				



	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 Options (description and conversion factor)	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				
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 (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:

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

Date: 30/10/2015

(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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