

Highlights

Productora Drilling Results

- Extensional drilling intersection recorded over 2.5km strike extent
- Wide drilling intersections continue in central area
- New, wide zones of mineralisation uncovered by in-fill drilling in central area

Resource In-fill Drilling Commences at Productora

- First-pass 16,000m RC programme complete
- 13,000m resource In-fill diamond and RC drilling programme commenced

Los Mantos Drilling

- First pass 10,000m RC drilling programme commenced

Acceleration of Drilling Activities

- 1 diamond and 2 RC drilling rigs operating at Productora
- 2 RC drilling rigs operating at Los Mantos

Exploration Activity

During the quarter Hot Chili continued to expand its drilling operations at both of its advanced multi-commodity copper projects located in Chile's coastal range. The company now has 4 reverse circulation (RC) drill rigs and 1 diamond drill rig operating.

At the company's flagship Productora project, the first-pass 16,000m RC programme concluded successfully with a series of strong results, confirming the robust nature of mineralisation being delineated within the central 1.4km area of the project. Extensional drilling results from this programme now also demonstrate that wide zones of mineralisation are present over at least 2.5 kilometres within the company's landholdings and further remains open along strike.

Following the completion of the first-pass drilling programme at Productora, Hot Chili commenced resource drilling activities, comprising approximately 6,000m of diamond and 7,000m of RC. The resource drilling is focussed towards assembling the company's first resource within the central area of the project. Early results from this drilling have discovered new zones of additional shallow

mineralisation which have the potential to significantly increase the size of the company's first resource at the project.

Late in the quarter, first-pass RC drilling commenced at the company's second advanced multi-commodity copper project Los Mantos, located 240km to the south of Productora. The 10,000m drilling programme is the first drilling to be directed towards Los Mantos following over 40 years of small-scale mining at the project.

PRODUCTORA PROJECT

First Pass Drilling Programme

A first-pass drilling programme is now complete at the company's Productora project located in Chile's low-altitude coastal range belt, 15km south of the regional mining centre of Vallenar. The 16,000m RC drilling programme targeted the central area of the project as well as extensions north and south along the main mineralised corridor.

Hot Chili has reported significant intersections in 22 of the first 23 RC drill holes completed within the central area of Productora. Wide zones of breccia hosted copper, molybdenum, gold, uranium and cobalt mineralisation have been recorded over 1.4km within the central area, the focus for the company's preliminary resources at Productora.

First-pass extensional drilling along the main mineralised corridor to the north and south of the central area of Productora has also been successful in intersecting wide zones of breccia hosted multi-commodity mineralisation. Results reported during the quarter from this drilling now demonstrate that mineralisation is present over at least 2.5 kilometres within the company's landholdings and further remains open along strike. Hot Chili controls 12.5km of strike extent over the main Productora Iron-Oxide-Copper-Gold-Uranium (IOCGU) trend.

Additional drilling is planned to follow-up these results and further test the main mineralised breccia zone beyond its currently defined extent.

Resource Drilling Programme

A resource in-fill drilling programme originally comprising 3,000m of diamond drilling and 7,000m of RC drilling commenced within the central area at Productora during the quarter. The resource in-fill drilling programme aims to allow the calculation of a preliminary resource at the project as a starting point for the commencement of economic scoping studies in the second half of 2011. Two RC drill rigs and one diamond drill rig have been dedicated to completing this programme.

Owing to the receipt of results outlining several new zones of mineralisation, Hot Chili doubled the diamond drilling programme to 6,000m to account for these additional zones as well as provide deep drilling coverage (+400m vertical depth) across the entire 1.4km of strike extent within the central area of the project. Additional in-fill RC drilling is also anticipated.

Early results from in-fill RC drilling confirmed the presence of a new wide zone of mineralisation not previously recognised in earlier first-pass drilling results within the central area. The results indicate the presence of additional potentially large tonnage positions located near-surface and adjacent to the main mineralised vertical breccia zone. At present, these new zones that are being intersected are interpreted to be related to shallow dipping mantos horizons that lie in close proximity to the main mineralised vertical breccia zone.

The resource in-fill drilling programme is continuing and the company is remaining flexible in its drill planning as new results are received.

Selected Significant Intersections

Selected significant intersections released from the Productora central area during the quarter included:

Productora Central Area Drilling Results		
PR10-01	58m grading 0.7% Copper from 96m down-hole including 16m grading 1.0% Copper	Mine Vertical Drill Holes
PR10-02	28m grading 0.9% Copper from 96m down-hole including 14m grading 1.2% Copper	
PR10-03	30m grading 0.8% Copper from 96m down-hole including 8m grading 1.4% Copper	
PR10-05	42m grading 1.0% Copper Equivalent* from 84m down-hole (0.6% copper, 110ppm molybdenum, 0.2g/t gold, 19ppm uranium and 129ppm cobalt) & 6m grading 0.8% Copper Equivalent* from 142m down-hole (0.6% copper, 94ppm molybdenum, 0.1g/t gold, 8ppm uranium and 68ppm cobalt) Hole finishes in mineralisation	
PRP0062	86m grading 0.8% Copper Equivalent* from 122m down-hole (0.5% copper, 146ppm molybdenum, 0.1g/t gold, 23ppm uranium and 71ppm cobalt) including 14m grading 1.0% Copper Equivalent* (0.7% copper, 70ppm molybdenum, 0.2g/t gold, 15ppm uranium and 72ppm cobalt)	

Productora Central Area Drilling Results

PRP0049	<p>53m grading 1.1% Copper Equivalent* from 108m down-hole (0.6% copper, 255ppm molybdenum, 0.1g/t gold, 17ppm uranium and 129ppm cobalt)</p> <p style="text-align: center;">including 17m grading 1.4% Copper Equivalent* (1.0% copper, 208ppm molybdenum, 0.1g/t gold, 15ppm uranium and 113ppm cobalt)</p>
PRP0066	<p>56m grading 1.0% Copper Equivalent* from 98m down-hole (0.6% copper, 185ppm molybdenum, 0.1g/t gold, 30ppm uranium and 72ppm cobalt)</p> <p style="text-align: center;">Hole finishes in mineralisation- diamond tail to drill hole planned</p>

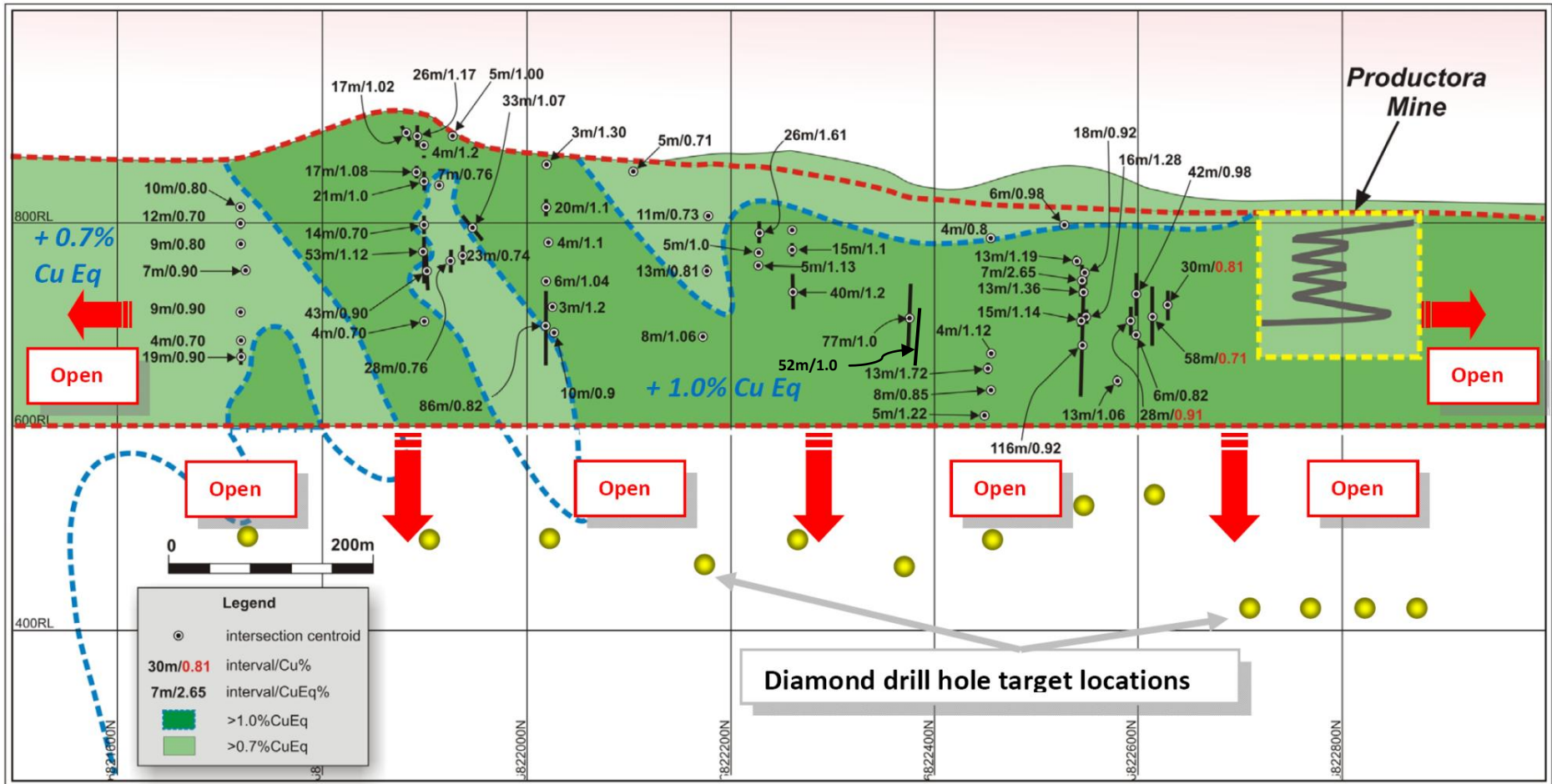
Please refer to ASX announcements by Hot Chili dated 2nd of February 2011, 24th February 2011 and 17th March 2011 for tables of all significant intersections recorded in drilling at Productora to date.

Selected significant intersections released from extensional areas north and south of the Productora central area during the quarter included:

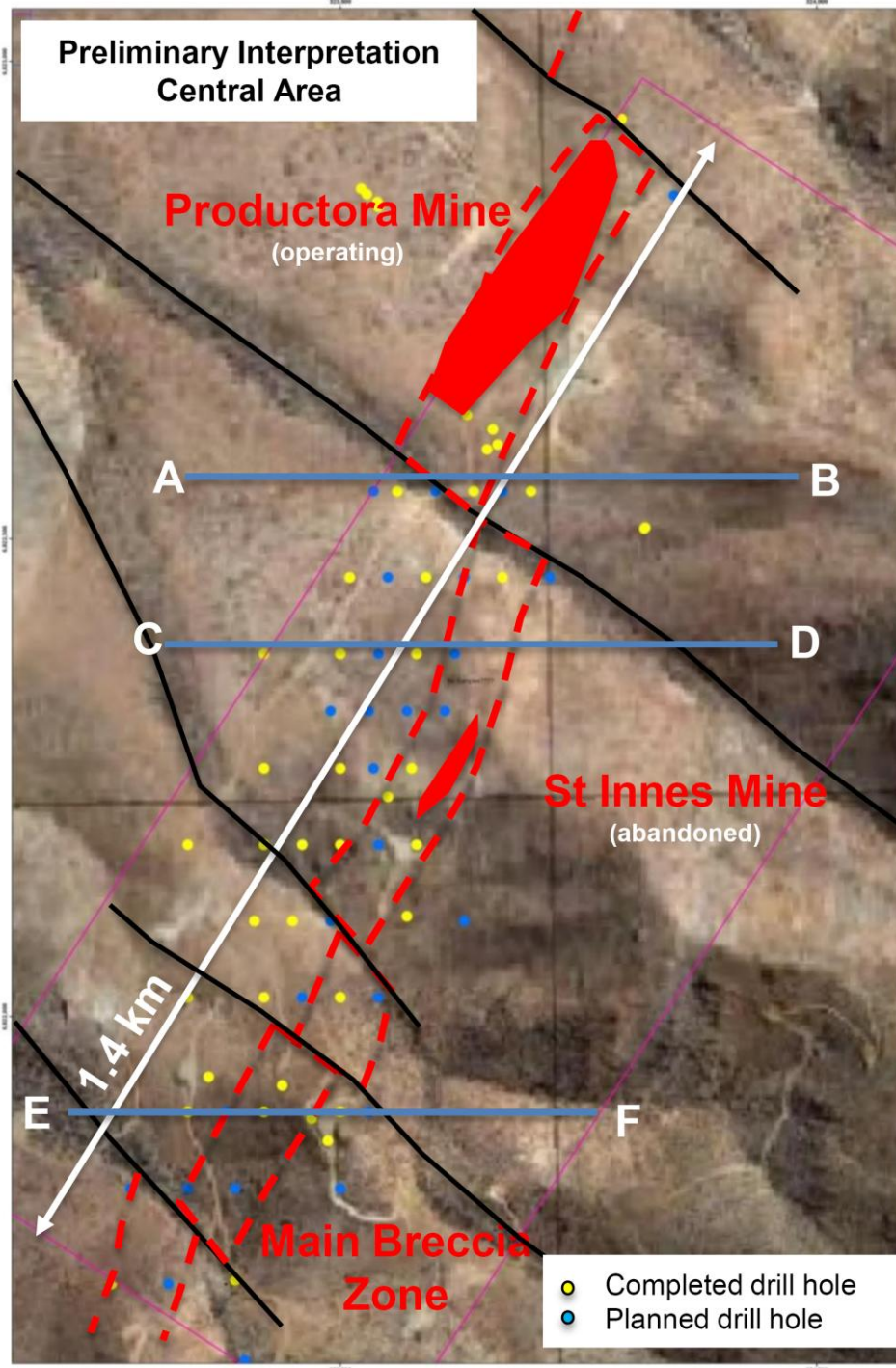
Productora Extensional Drilling Results

<p>44m grading 1.0% Copper Equivalent* from 12m down-hole (0.5% copper and 491ppm cobalt)</p>
<p>19m grading 1.1% Copper Equivalent* from 207m down-hole (0.6% copper, 155ppm molybdenum, 0.1g/t gold, 7ppm uranium and 105ppm cobalt)</p> <p style="text-align: center;">Hole finishes in mineralisation</p>
<p>12m grading 1.0% Copper Equivalent* from 188m down-hole (0.5% copper, 20ppm molybdenum, 0.1g/t gold, 5ppm uranium and 550ppm cobalt)</p> <p style="text-align: center;">Hole finishes in mineralisation</p>

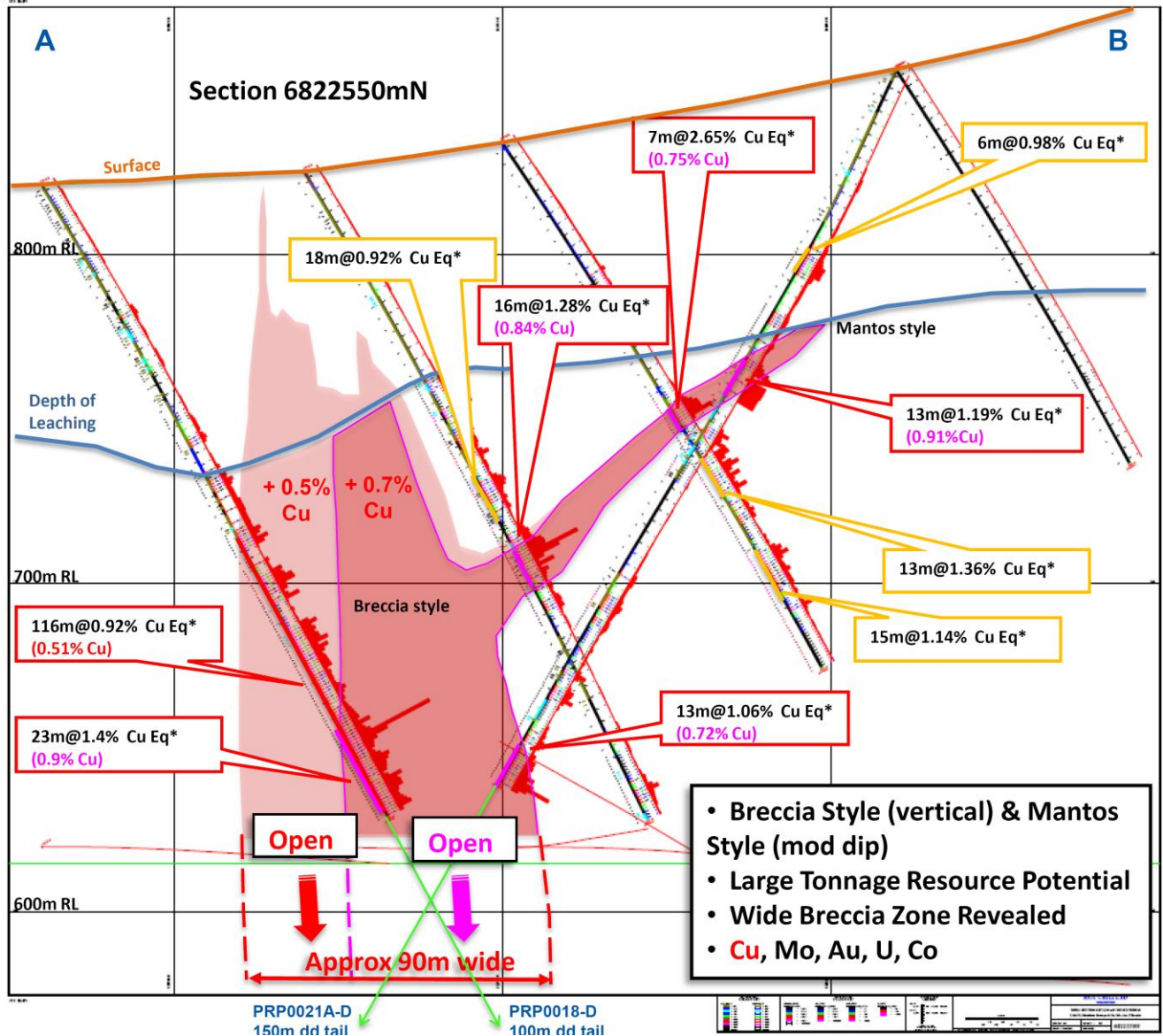
Please refer to ASX announcements by Hot Chili dated 2nd of February 2011, 24th February 2011 and 17th March 2011 for tables of all significant intersections recorded in drilling at Productora to date.



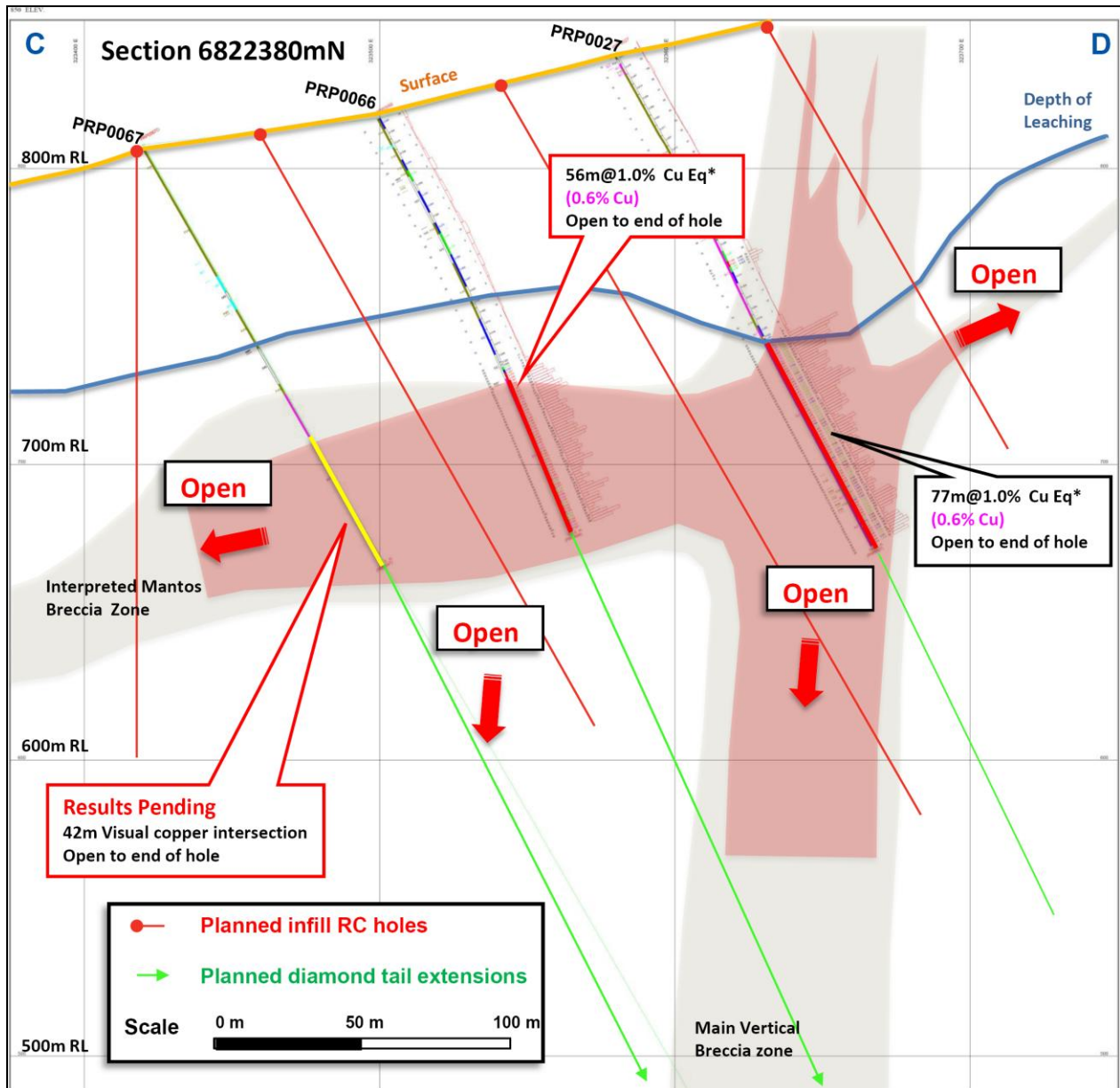
Long Section of Productora central area- Drilling results to date and diamond hole locations.



Interpretation of the main mineralised breccia zone within the central area of the Productora project.

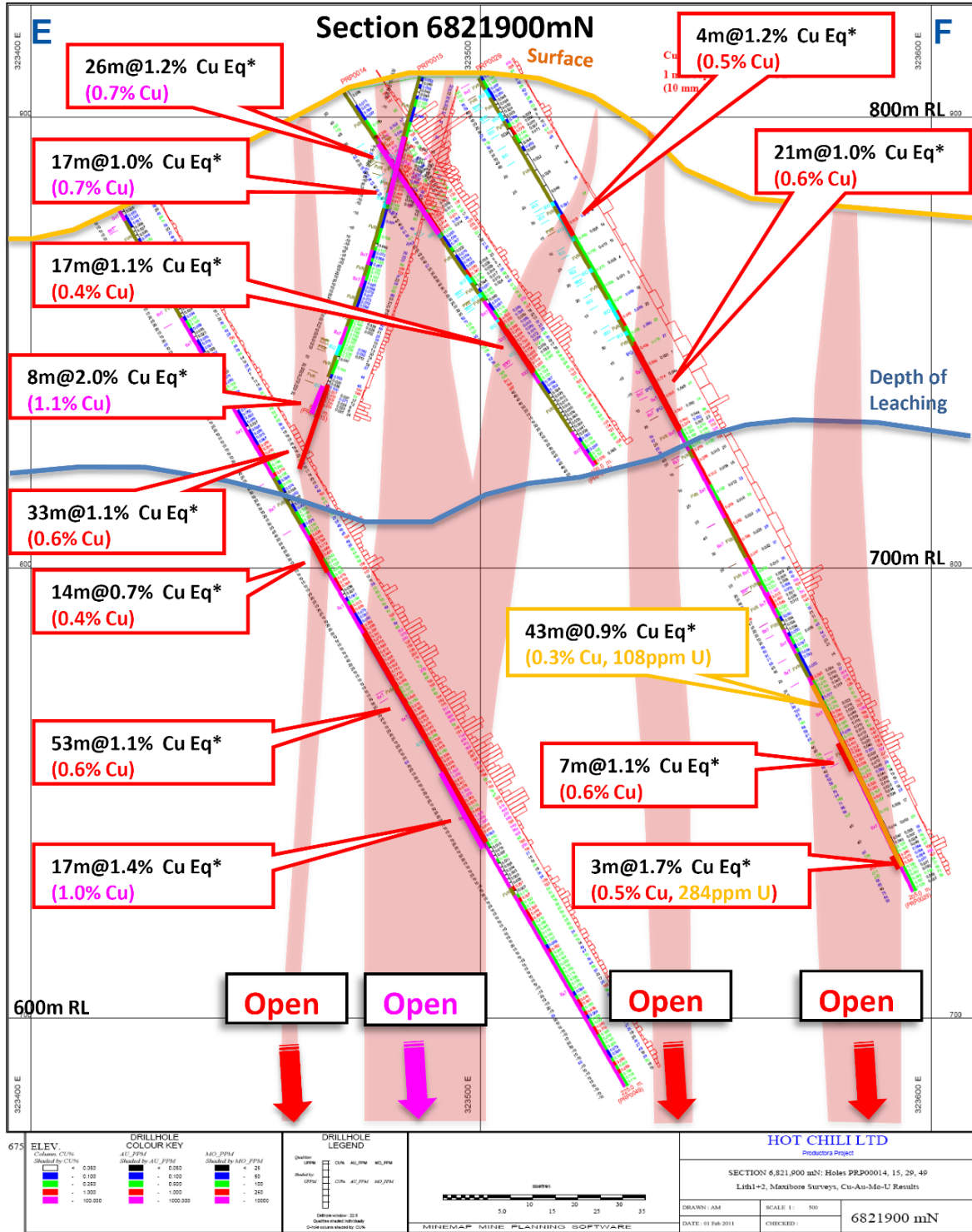


Cross Section (A-B) of drilling results immediately south of the Productora underground mine (copper envelope interpretation)



Cross Section (C-D) across the central area of Productora showing new wide zone of mineralisation (copper envelope interpretation).

925 ELEV.



Cross Section (E-F) across the southern extent of the central area of Productora (copper envelope interpretation).

Generative Work

Hot Chili has now incorporated and is using the results of a helicopter based aeromagnetic and radiometric survey that the company undertook last year. The final processed imagery is being utilised to prioritise the planning of further litho-structural mapping and surface geochemical programmes at Productora. This work is scheduled to commence in the second quarter of 2011 and aims to generate a pipeline of forward drill targets within the company's landholdings at the project.

Los Mantos Project

First Pass Drilling Programme

Late in the quarter, first-pass RC drilling commenced at the company's second advanced project Los Mantos, located 240km to the south of Productora. Two RC drill rigs are being utilised to complete a 10,000m drilling programme, which is the first drilling to be directed towards Los Mantos following over 40 years of small-scale mining at the project.

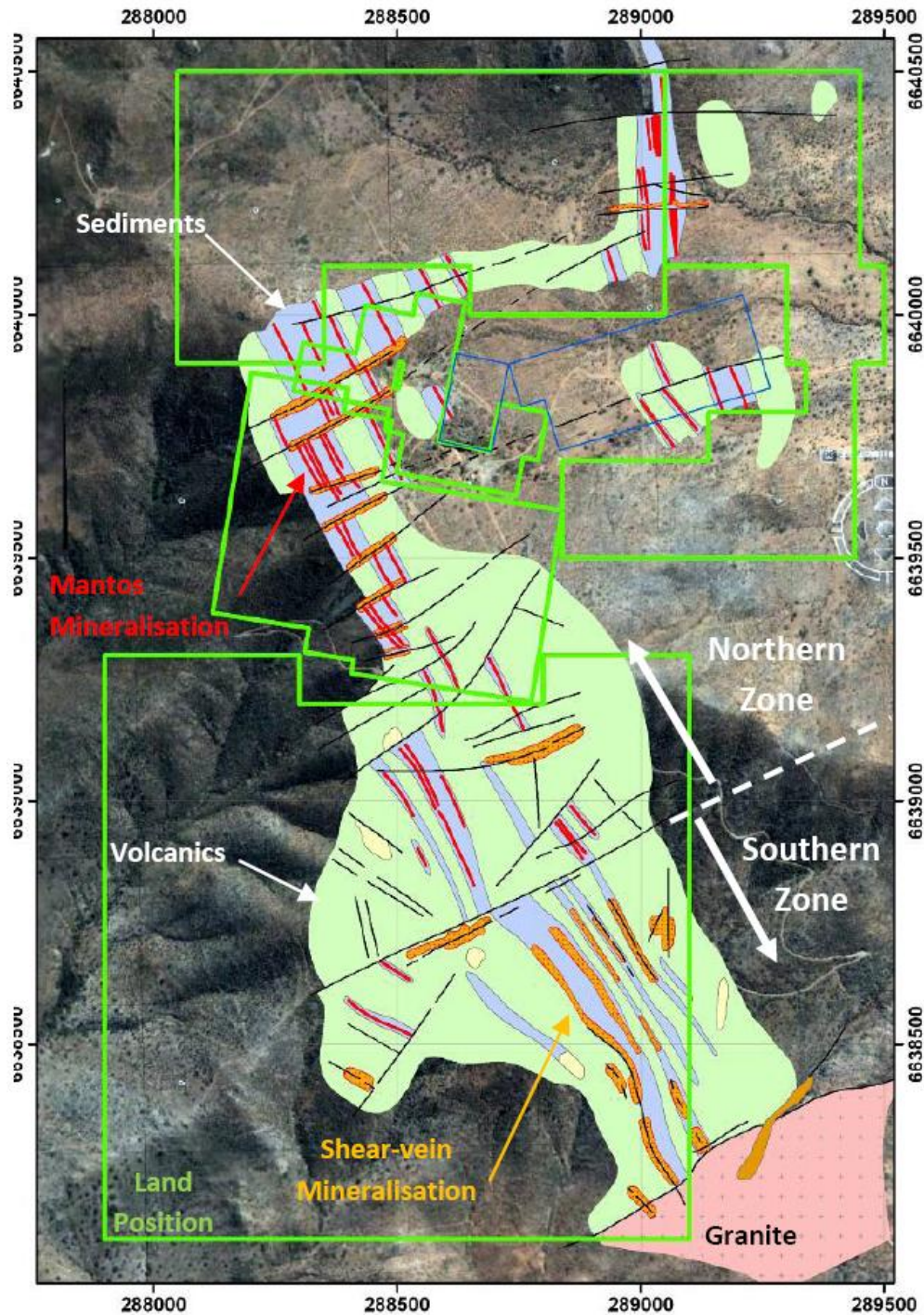
The drilling programme is targeting multiple positions over some 2.5km of strike length of substantial copper-gold shear-hosted and mantos-style mineralisation that is currently being exploited from both surface and underground small-scale development.

Results of surface mapping as well as soil and rock-chip sampling undertaken by the company at the project confirm a zoned metal distribution from north to south. Average rock-chip results indicate copper grades at Los Mantos may potentially be higher than those being recorded in RC drilling at Productora. Widths of mineralisation are expected to be more modest ranging between 2m and 10m for the individual multiply stacked zones.

Average surface rock-chip sample results from northern and southern zones at Los Mantos

Zone	Samples	Average Grade					Mineralisation Style
		Copper	Uranium	Gold	Molybdenum	Cobalt	
		(%)	(ppm)	(ppm)	(ppm)	(ppm)	
Northern	154	2.0	4	0.2	56	112	mantos
Southern	52	2.7	61	0.2	268	156	vein/shear

The company looks forward to releasing results from this drilling once available.



Los Mantos litho-structural map showing the location of the northern zone of mantos-style mineralisation and southern zone of shear-hosted mineralisation.

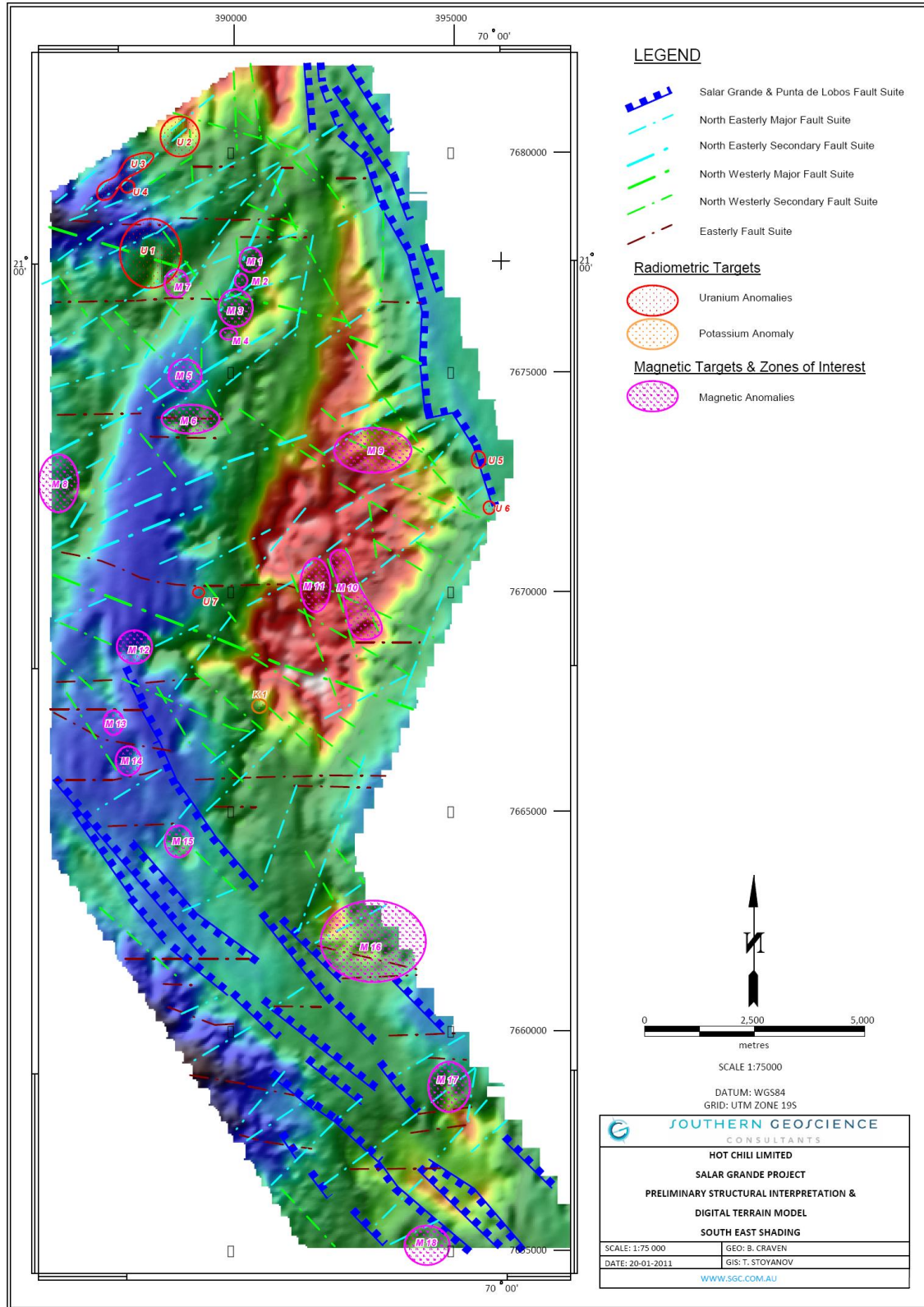
Chile Norte Project

Generative Work

During the quarter Hot Chili engaged Southern Geoscience consultants to complete a preliminary targeting review following the completion of processing of a helicopter based aeromagnetic and radiometric survey that the company had undertaken during 2010. The target review was confined to the limits of the airborne survey undertaken exclusively over CODELCO's land position, where the company has a 5 year 65% earn-in exploration agreement in place. A total of 18 magnetic anomalies and 4 uranium anomalies were identified in this review.

A follow-up round of exploration work is currently being planned to progress the targets identified within CODELCO's land position as well as commence work on a number of other priority areas of interest within Hot Chili's own large contiguous land holding. The company also intends to extend the airborne magnetic and radiometric survey to its own northern landholding at Chile Norte.

A team is being mobilised to the project early in the coming quarter to undertake reconnaissance mapping and sampling across each of these areas. This work along with the planned extension of airborne surveys at the project will provide the company with sufficient information to progress to a drilling decision point for identified high-priority areas at the project.



Drilling Results Information

- All drill holes are reverse circulation (RC)
- Results comprise ICP analysis (ME-ICP61) of all 1m selective (riffle split samples) and 4 composite samples.
- Priority AAS analysis (CU-AA62 ore grade analysis) results were utilised where analysis was undertaken for copper results greater than 1.0%.
- Priority MS analysis (ME-MS61) results were utilised where analysis was undertaken for uranium results greater than 50ppm.
- Gold analysis only undertaken for copper results greater than 0.2%. All gold results comprise ICP analysis (Au-ICP21). Gold significant intersections may in some instances represent the average of gold results within the zone of intersection. In these instances generally gold analysis has been undertaken over 90 percent of the samples taken within the length of the intersection.
- Significant intersections are a combination of both 1m selective sample intervals as well as 4m composite intervals.
- All results were analysed by ALS Chemex (La Serena) laboratories.

* Copper Equivalent Calculation

Copper Equivalent (also Cu Eq*) Calculation represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent copper percentage. These results are exploration results only and no allowance is made for recovery losses that may occur should mining eventually result. However it is the company's opinion that elements considered here have a reasonable potential to be recovered as evidenced in similar multi-commodity natured mines elsewhere in the world. Copper equivalent conversion factors and long-term price assumptions used follow:

Copper Equivalent Formula= $Cu \% + Mo(ppm) \times 0.0009 + Au(ppm) \times 0.7808 + U(ppm) \times 0.0031 + Co(ppm) \times 0.0008$
Price Assumptions- Cu (US\$1.60/lb), Mo (US\$15/lb), Au (US\$850/oz), U (US\$50/lb), Co (US\$12/lb)

Competent Person's statement

Information in this report that relates to exploration results or mineral resources is based on information compiled by Mr Christian Easterday, a Director, who is a Member of The Australian Institute of Geoscience. Mr Easterday has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a 'Competent Person' as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Mr Easterday consents to the inclusion in this report of the statements based on his information in the form and context in which they appear.

Appendix 5B- Mining Exploration Entity Quarterly Cash Flow Report

Name of entity

Hot Chili Ltd

ABN

91130955725

Quarter ended ("current quarter")

31 March 2011

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9months) \$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	(1,481) (338)	(3,830) (1,163)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	20	40
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other GST	20	43
	(1,779)	(4,910)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(101)	(104)
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)		
	(101)	(104)
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(1,880)	(5,014)

1.13	Total operating and investing cash flows (brought forward)	(1,880)	(5,014)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		4,364
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		(8)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	-	4,356
Net increase (decrease) in cash held			
		(1,880)	(658)
1.20	Cash at beginning of quarter/year to date	7,420	6,608
1.21	Exchange rate adjustments to item 1.20	22	(388)
1.22	Cash at end of quarter	5,562	5,562

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	91
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 and Directors fees

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

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	3,000
4.2 Development	
4.3 Production	
4.4 Administration	350
Total	3,350

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	3,562	4,420
5.2 Deposits at call	2,000	3,000
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	5,562	7,420

Changes in interests in mining tenements

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

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities			
	<i>(description)</i>			
7.2	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	142,810,527	83,390,000	
7.4	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs			

7.5	*Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	40,740,000		<i>Exercise price</i> 20 cents	<i>Expiry date</i> 3/11/2013
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
2. This statement does give a true and fair view of the matters disclosed.

Date: 20 April 2011



John Sendziuk

Company Secretary

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.