



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

ASX ANNOUNCEMENT

Wednesday 10th July 2013

Hot Chili arranges a Capital Raising of A\$11.7 million

- Hot Chili arranges a private placement capital raising of approximately A\$11.7 million through the issue of new shares at A\$0.45 per share
- Strong support for capital raising from Hot Chili's leading shareholders and underpinned by Chilean resources major CAP S.A. ("CAP")
- Appointment of CAP executive Mr Roberto de Andraca Adriasola to the board of Hot Chili as a non-executive director
- Capital raising will boost Hot Chili's cash balance and ensure the Company is able to continue its growth and development plan at the Productora copper project, Chile
- Major resource upgrade and Pre-feasibility study for Productora targeted for release in late 2H 2013

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Hot Chili Limited (ASX Code: HCH) ("Hot Chili" or the "Company") is pleased to announce that it has successfully arranged a placement to sophisticated and institutional investors to raise A\$11.7 million at A\$0.45 per share (the "Placement").

The Placement has seen strong demand from existing strategic shareholders, particularly our major project partner CAP demonstrating their continued support for Hot Chili and its flagship Productora copper project. Strong demand was also received from affiliates of Sprott Inc.

The Placement underpins funding for Hot Chili's development plan to continue advancing Productora, including progressing Pre-feasibility Studies and ultimately working towards a decision to mine on one of Chile's fastest emerging new mid-tier coastal copper projects.

Specifically, funds from the Placement are expected to be directed towards the continuation of resource growth drilling and development study activities at Productora.

ASX Code

HCH

Contact

Mr Christian Easterday
Managing Director

M: +61 409 64 1214
E: christian@hotchili.net.au

www.hotchili.net.au





Hot Chili have an exciting project pipeline including its latest copper-gold discovery Frontera, 70km south of Productora. Together, Productora and Frontera underpin Hot Chili's strategy to develop a coastal copper production hub in Chile.

Christian Easterday, Managing Director of Hot Chili, commented on the Placement, "We are very pleased with the support of existing strategic shareholders in the Placement, in particular our major shareholder and strategic project partner CAP. The funds secured will allow us to continue to invest in the Company's Productora copper project, our most advanced large-scale copper asset in Chile."

UBS AG, Australia Branch is acting as Sole Lead Manager to the Placement.

Placement details

The placement will be undertaken in two tranches:

- The first tranche is the Unconditional Placement, comprising the issue of 4 million shares to raise A\$1.8 million. This portion of the raising is within the Company's 15% placement capacity and is permitted under the listing rules without shareholder approval ("Unconditional Placement").
- The second tranche is the Conditional Placement of 22.13 million shares to raise a further A\$9.9 million. Completion of the second tranche of the capital raising will be made subject to shareholder approval at an Extraordinary General Meeting, which will be convened as soon as possible ("Conditional Placement"). The Conditional Placement is being conducted to accommodate internal approval processes of CAP.

Settlement of the Unconditional Placement is expected to occur on or before Monday the 22nd of July 2013 with allotment to occur on the following day.

Hot Chili will convene an Extraordinary General Meeting to approve the Conditional Placement as soon as possible, in any event the Extraordinary General meeting is expected to be held in mid - late August 2013. Settlement of the Conditional Placement will take place shortly after the Extraordinary General Meeting.

Appointment of Board Member

Hot Chili is pleased to announce that Mr Roberto de Andraca Adriasola will be appointed to the Board of Hot Chili. Mr. de Andraca has been nominated by CAP.

Mr. de Andraca is a business manager with 20 years' experience in the financial and mining business. Over the last 4 years he has been working in the main Iron Ore and Steel Producer in Chile, CAP S.A and is currently the Vice President of Business Development overseeing infrastructure development and new business related to non-core assets. He is also overseeing the construction of the first desalination plant dedicated 100% to producing water for mining companies in the north of Chile. Mr. de Andraca has finance experience working at Chase Manhattan Bank, ABN Amro and Citigroup, working both in Chile and in New York and holds a MBA from the Adolfo Ibañez Business School of Chile. He is currently a director of Puerto Las Losas, a port in the Atacama Region of Chile.



CAP as a Strategic Shareholder in Hot Chili

CAP is the parent company of Compañía Minera del Pacífico S.A. ("CMP"), Chile's largest iron ore producer and integrated steel business. CMP produces concentrate and iron ore pellets, fines and lumps. Its mining properties and principal deposits, processing plants and projects are in the 3rd and 4th region of the country's iron ore belt district in northern Chile. CAP also owns all the shares in Chile's largest steel producer, located in the southern city of Talcahuano.

Mitsubishi is a 19.3% shareholder of CAP and 25% shareholder of CMP as at December 31st, 2012.

Importantly, CMP is a major partner in Productora. Hot Chili has executed two non-binding Letters of Intent with CMP to negotiate a joint infrastructure and iron exploitation option for the development of Productora.

Such negotiation could result in substantial operational synergies given that Productora lies in the heart of CMP's existing coastal infrastructure, including rail, port, easement corridor, magnetite concentrator and iron pellet plant, and should facilitate project implementation.

Hot Chili and CAP are currently investigating other potential avenues in which to co-operate in the development of Productora for the benefit of both companies.

The appointment of Mr Roberto de Andraca Adriasola to the board of Hot Chili is a strong indication of the commitment by both companies, in co-operation, to advance the Productora copper project towards development.

For more information please contact:

Christian Easterday

+61 8 9021 3033

Managing Director

Email: christian@hotchili.net.au

or visit Hot Chili's website at www.hotchili.net.au

**Important information**

Certain statements made in this communication, may contain or comprise certain forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in iron ore prices and exchange rates and business and operational risk management. For a discussion of such factors, refer to the Company's most recent annual report and half-year report. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States nor shall there be any sale of the securities in any jurisdiction in which such an offer, solicitation or sale would be unlawful. The securities described in this announcement have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

