



Wednesday 21st June 2017

ASX Announcement

Not for distribution to United States newswire services or for dissemination in the United States

Hot Chili Closes A\$11.3 Million Funding

Key Points

- Hot Chili closes A\$11.3 million private placement offering (**Funding**) via issue of unsecured Convertible Notes to key major shareholders
- Funding led by Sprott Capital Partners, a division of Sprott Private Wealth LP, and affiliates
- Strong participation in Funding by Taurus Funds Management Pty Ltd and supported by Blue Spec Drilling Pty Ltd, (a company associated with Hot Chili's Chairman, Murray Black)
- Hot Chili has commenced repayment of its outstanding secured US\$6.5 million loan facility with Sprott Resource Lending Partnership and removal of all securities over Hot Chili and its subsidiaries
- Diamond drilling underway at Productora, currently targeting the first of several large-scale porphyry copper targets
- All drilling being undertaken by Blue Spec Sondajes Chile (a company associated with Hot Chili's chairman Murray Black) at its own cost and at no risk to Hot Chili
- Drilling results expected over the coming months ahead

Hot Chili Limited (ASX Code: HCH) is pleased to announce that following shareholder approval at the general meeting held on 6th June 2017, the Company has closed a A\$11.3 million private placement (**Funding**) with key major shareholders and other sophisticated investors via an offering of unsecured Convertible Notes (**Notes**).

The Funding was led by Sprott Capital Partners, a division of Sprott Private Wealth LP, and affiliates (collectively **Sprott**) and supported by Taurus Funds Management Pty Ltd (**Taurus**) and Blue Spec Drilling Pty Ltd (**Blue Spec**), a company associated with Hot Chili's Chairman, Murray Black.

The Company is immediately moving to repay all of its outstanding debt and remove all securities over Hot Chili and its subsidiaries.

In addition, Hot Chili is very pleased to confirm that diamond drilling (**DD**) activities are progressing well at the Company's Productora copper project in Chile. The first of several large-scale porphyry copper targets is currently being drill tested.

ASX CODE

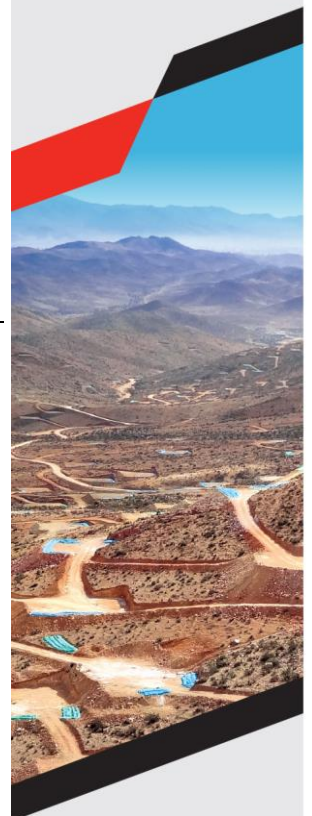
HCH

Contact

Mr Christian Easterday
Managing Director

E: admin@hotchili.net.au

www.hotchili.net.au





Details of A\$11.3 Million Funding – Strengthened Balance Sheet

Hot Chili will close a A\$11.3 million funding with the support of its key shareholders Sprott, Taurus and Blue Spec. Funds will be used to repay all outstanding debt and provide additional funds for exploration and general working capital requirements.

Following confirmation of receipt of A\$10.92 million, Hot Chili will issue a total of 109,175 Notes with a face value A\$100 each. Sprott and sophisticated investors as arranged by Sprott, will be issued a total of 88,833 Notes and Taurus will be issued 20,342 Notes.

In addition, Blue Spec has agreed to subscribe for 3,834 Notes for a further A\$383,400, the issue of which shall be subject to approval by Hot Chili's shareholders at a general meeting, which is expected to be held in late July/early August 2017.

Hot Chili has been informed that CAP will not be participating in the Funding at this stage.

As outlined in Hot Chili's announcement of 24th March 2017:

- Unsecured Notes will have a maturity of 5 years and a conversion price of A\$0.03333 per Ordinary Share.
- The conversion price represents a strong premium to Hot Chili closing price of A\$0.025 on 16th March 2017, when the Funding was announced.
- All Notes shall automatically convert to Ordinary Shares in Hot Chili at the earlier of conversion by the Note holder and the Maturity Date.
- Annual Coupon Rate of 8% paid to Note holders on a quarterly basis, payable in cash or Ordinary Shares at the election of Hot Chili.

Pursuant to the terms of its agreement with Hot Chili, Sprott is entitled to nominate a non-executive director to the Board of Hot Chili.

The Notes will not be listed on ASX at this time.

A copy of the full revised terms of Notes will be released separately to ASX. The terms are as stated in the Company's Notice of General Meeting released to ASX on 3 May 2017, save that the revised terms provide that the Notes will not be quoted on ASX at this time.

Productora Drilling Update – First Large-Scale Target Currently Being Tested

Blue Spec Sondajes Chile (a company associated with Hot Chili's Chairman Murray Black) is undertaking a substantial reverse circulation (RC) and DD programme at the Company's Productora copper project in Chile at its own risk and at no cost to Hot Chili.

Blue Spec Sondajes Chile is currently operating one diamond drill rig on a double shift basis at Productora following the completion of approximately 7,000m of reconnaissance RC drilling since the commencement of its offer to drill at no cost for Hot Chili.

The first of several large-scale porphyry copper targets is currently being drill tested. Four diamond holes are designed to test the target which relates to a 1.4km long zone of conductivity located centrally below Productora's 6km long porphyry copper lithocap as shown in Figure 1 below.

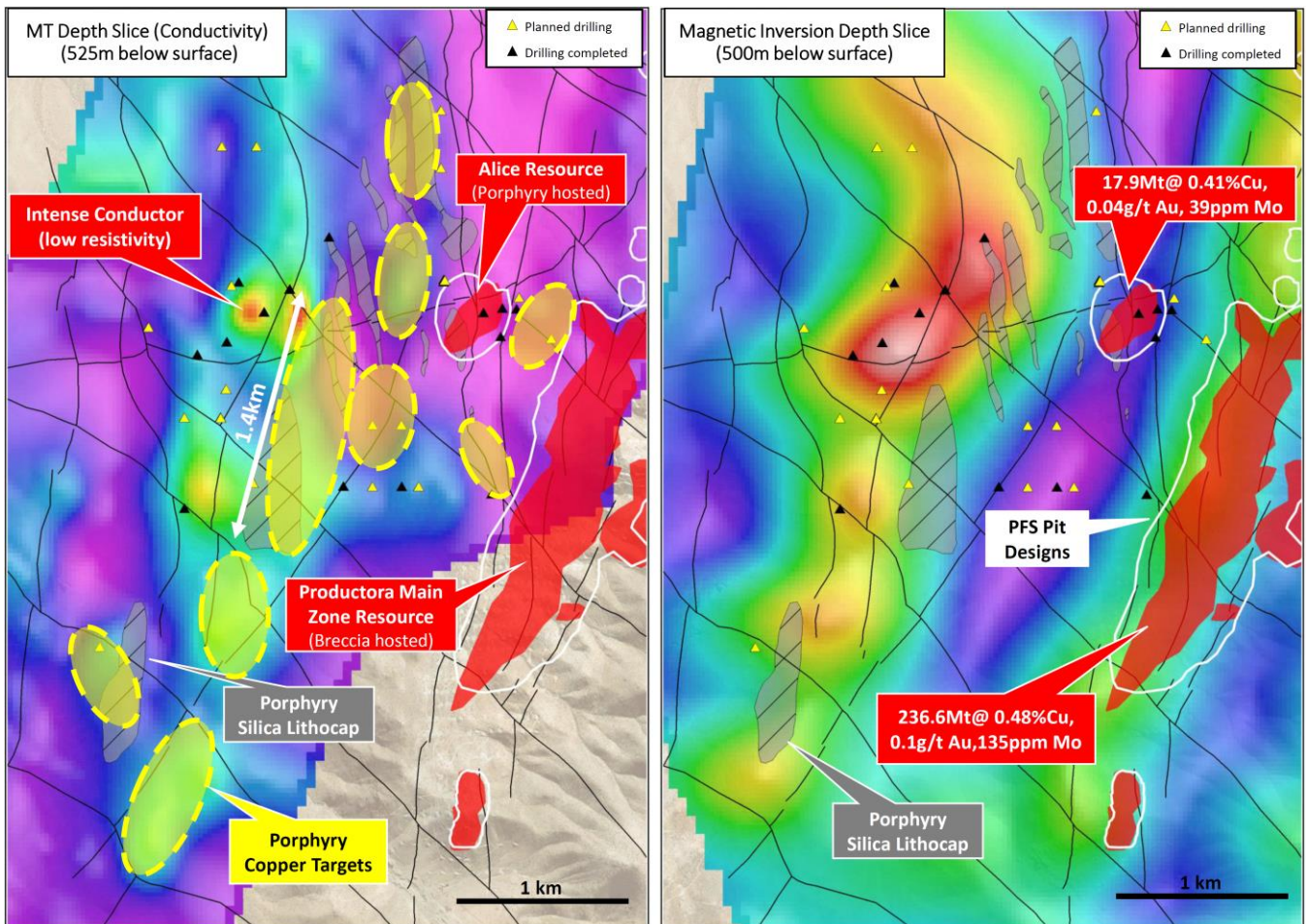


Figure 1 Location and size of porphyry copper targets (yellow) in relation to Mineral Resources and key exploration datasets at Productora.

Hot Chili's exploration efforts are focussed on demonstrating additional mine life at Productora, with success likely to result in a material shift in the scale and economics of the project.

At a copper price of US\$3/lb, Productora is already positioned as one of the leading large-scale copper projects in the global development pipeline. Given Productora's level of advancement (PFS complete, 10 year mine life established and 1.5Mt copper and 1Moz gold reserve) and infrastructure/location advantages, further large-scale exploration success is expected to move the project into the next class of development options available to the copper sector in order to meet forecast future copper demand requirements.

Hot Chili Limited

ACN 130 955 725

First Floor, 768 Canning Highway, Applecross, Western Australia 6153

PO Box 1725, Applecross, Western Australia 6953

P: +61 8 9315 9009

F: +61 8 9315 5004

www.hotchili.net.au



The Directors of Hot Chili are very pleased with the support of major shareholders Sprott, Taurus and Blue Spec, and also look forward to soon welcoming a Sprott nominee to the Board of Hot Chili as a non-executive Director.

With the Company's balance sheet now strengthened, Hot Chili is able to fully focus on its growth activities at Productora. The Company looks forward to issuing a notice of meeting to approve the issue of Notes to Blue Spec shortly, as well as announcing results from its diamond drilling activities over the coming months as the programme advances.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States of America. The securities have not been and will not be registered under the United States Securities Act of 1933 (the "1933 Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons (as defined in the 1933 Act) unless registered under the 1933 Act and applicable state securities laws, or an exemption from such registration is available.

For more information please contact:

Christian Easterday
Managing Director

+61 8 9315 9009
Email: christian@hotchili.net.au

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



Qualifying Statements

JORC Compliant Ore Reserve Statement

Productora Open Pit Probable Ore Reserve Statement – Reported 2nd March 2016

Ore Type	Reserve Category	Tonnage (Mt)	Grade			Contained Metal			Payable Metal		
			Cu (%)	Au (g/t)	Mo (ppm)	Copper (tonnes)	Gold (ounces)	Molybdenum (tonnes)	Copper (tonnes)	Gold (ounces)	Molybdenum (tonnes)
Oxide	Probable	24.1	0.43	0.08	49	103,000	59,600	1,200	55,600		
Transitional		20.5	0.45	0.08	92	91,300	54,700	1,900	61,500	24,400	800
Fresh		122.4	0.43	0.09	163	522,500	356,400	20,000	445,800	167,500	10,400
Total	Probable	166.9	0.43	0.09	138	716,800	470,700	23,100	562,900	191,900	11,200

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: Price assumptions: Cu price - US\$3.00/lb; Au price US\$1200/oz; Mo price US\$14.00/lb. Note 3: Mill average recovery for fresh Cu - 89%, Au - 52%, Mo - 53%. Mill average recovery for transitional; Cu 70%, Au - 50%, Mo - 46%. Heap Leach average recovery for oxide; Cu - 54%. Note 4: Payability factors for metal contained in concentrate: Cu - 96%; Au - 90%; Mo - 98%. Payability factor for Cu cathode - 100%.

JORC Compliant Mineral Resource Statements

Productora Higher Grade Mineral Resource Statement, Reported 2nd March 2016

Deposit	Classification	Tonnage (Mt)	Grade			Contained Metal		
			Cu (%)	Au (g/t)	Mo (ppm)	Copper (tonnes)	Gold (ounces)	Molybdenum (tonnes)
Productora	Indicated	166.8	0.50	0.11	151	841,000	572,000	25,000
	Inferred	51.9	0.42	0.08	113	219,000	136,000	6,000
	<i>Sub-total</i>	<i>218.7</i>	<i>0.48</i>	<i>0.10</i>	<i>142</i>	<i>1,059,000</i>	<i>708,000</i>	<i>31,000</i>
Alice	Indicated	15.3	0.41	0.04	42	63,000	20,000	600
	Inferred	2.6	0.37	0.03	22	10,000	2,000	100
	<i>Sub-total</i>	<i>17.9</i>	<i>0.41</i>	<i>0.04</i>	<i>39</i>	<i>73,000</i>	<i>23,000</i>	<i>700</i>
Combined	Indicated	182.0	0.50	0.10	142	903,000	592,000	26,000
	Inferred	54.5	0.42	0.08	109	228,000	138,000	6,000
	<i>Total</i>	<i>236.6</i>	<i>0.48</i>	<i>0.10</i>	<i>135</i>	<i>1,132,000</i>	<i>730,000</i>	<i>32,000</i>

Reported at or above 0.25 % Cu. 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. Metal rounded to nearest thousand, or if less, to the nearest hundred.

Productora Low Grade Mineral Resource Statement, Reported 2nd March 2016

Deposit	Classification	Tonnage (Mt)	Grade			Contained Metal		
			Cu (%)	Au (g/t)	Mo (ppm)	Copper (tonnes)	Gold (ounces)	Molybdenum (tonnes)
Productora	Indicated	150.9	0.15	0.03	66	233,000	170,000	10,000
	Inferred	50.7	0.17	0.04	44	86,000	72,000	2,000
	<i>Sub-total</i>	<i>201.6</i>	<i>0.16</i>	<i>0.04</i>	<i>60</i>	<i>320,000</i>	<i>241,000</i>	<i>12,000</i>
Alice	Indicated	12.3	0.14	0.02	29	17,000	7,000	400
	Inferred	4.1	0.12	0.01	20	5,000	2,000	100
	<i>Sub-total</i>	<i>16.4</i>	<i>0.13</i>	<i>0.02</i>	<i>27</i>	<i>22,000</i>	<i>9,000</i>	<i>400</i>
Combined	Indicated	163.2	0.15	0.03	63	250,000	176,000	10,000
	Inferred	54.8	0.17	0.04	43	91,000	74,000	2,000
	<i>Total</i>	<i>218.0</i>	<i>0.16</i>	<i>0.04</i>	<i>58</i>	<i>341,000</i>	<i>250,000</i>	<i>13,000</i>

Reported at or above 0.1% Cu and below 0.25 % Cu. 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. Metal rounded to nearest thousand, or if less, to the nearest hundred. Metal rounded to nearest thousand, or if less, to the nearest hundred.

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 “Hot Chili Delivers PFS and Near Doubles Reserves at Productora” dated 2nd March 2016. 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 Project Mineral Resources, is based on information compiled by Mr J Lachlan Macdonald and Mr N Ingvar Kirchner. Mr Macdonald is a part time employee of Hot Chili, and is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Kirchner is employed by AMC Consultants (AMC). AMC has been engaged on a fee for service basis to provide independent technical advice and final audit for the Productora Project Mineral Resource estimates. Mr Kirchner is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a Member of the Australian Institute of Geoscientists (AIG). Both Mr Macdonald and Mr Kirchner have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ (the JORC Code 2012). Both Mr Macdonald and Mr Kirchner consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

**Competent Person's Statement- Ore Reserves**

The information in this Announcement that relates to Productora Project Ore Reserves, is based on information compiled by Mr Carlos Guzmán, Mr Boris Caro, Mr Leon Lorenzen and Mr Grant King. Mr Guzmán is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM), 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). Mr Caro is a former employee of Hot Chili Ltd, now working in a consulting capacity for the Company, and is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and a Registered Member of the Chilean Mining Commission. Mr Lorenzen is employed by Mintrex Pty Ltd and is a Chartered Professional Engineer, Fellow of Engineers Australia, and is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr King is employed by AMEC Foster Wheeler (AMEC FW) and is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). NCL, Mintrex and AMEC FW have been engaged on a fee for service basis to provide independent technical advice and final audit for the Productora Project Ore Reserve estimate. Mr. Guzmán, Mr Caro, Mr Lorenzen and Mr King have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which they are 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, Mr Caro, Mr Lorenzen and Mr King consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Forward Looking Statements

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

The Announcement contains "forward-looking statements". All statements other than those of historical facts included in the Announcement are forward-looking statements including estimates of Mineral Resources. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, copper, gold and other metals price volatility, currency fluctuations, increased production costs and variances in ore grade recovery rates from those assumed in mining plans, as well as political and operational risks and governmental regulation and judicial outcomes. The Company does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events or circumstances after the date of the Announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws. All persons should consider seeking appropriate professional advice in reviewing the Announcement and all other information with respect to the Company and evaluating the business, financial performance and operations of the Company. Neither the provision of the Announcement nor any information contained in the Announcement or subsequently communicated to any person in connection with the Announcement is, or should be taken as, constituting the giving of investment advice to any person.