



Date: 16<sup>th</sup> June, 2015

## CMP Joins Productora Project

Hot Chili Limited (ASX code: HCH) is pleased to provide the following translation of a public announcement made by our project partner Compañía Minera del Pacífico S.A (CMP or CAP Minería) on June 9<sup>th</sup> 2015 in Santiago.

The public announcement can be found in Spanish on CAP Minería's website:  
<http://www.capmineria.cl/noticias>

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## CAP Minería joins Proyecto Productora

Translation of CAP Minería Public Announcement 9<sup>th</sup> June 2015

In our offices in La Serena this past June 4<sup>th</sup>, the agreements were signed by which CAP Minería will join a copper and gold mining project located in the vicinities of the city of Vallenar in the Huasco Valley, named Proyecto Productora. Currently, the project is found in the development stage of the Pre-Feasibility Study, necessary to confirm the viability of the project.

The company that owns Proyecto Productora is called Sociedad Minera El Aguila SpA (SMEA), a Chilean affiliate of the Australian company Hot Chili Ltd. (HCH), located in Applecross, Western Australia.

CAP Minería's initial participation in Proyecto Productora shall be of 17.5% of SMEA's social capital, which shall be acquired by virtue of the merger of the affiliate, 100% property of CMP, named CMP Productora SpA (CMP

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Productora) with SMEA. CMP Productora owns the surfaces rights where Proyecto Productora is located, mining rights in the area as well as mining easements.

It is estimated that the merger will take place within the next 30 days, once certain technical-accounting adjustments have been made to SMEA's financial situation.

Additionally, CAP Minería has a purchasing option agreement for an additional 32.6% of SMEA's shares, which will raise CAP Minerías interest to 50.1% of the shares issued by SMEA on the date of the signing of the option. The option price is of US\$1.5 million, and may be carried out in two tranches:

- The first tranche may be exercised after having finished the Pre-Feasibility Study (PFS), and once the valuation of Proyecto Productora has been carried out by an independent third party. Along with the first part of the option being executed, US\$26 million must be paid in order to purchase approximately 10% of SMEA, depending on the result of the valuation of the project.
- The remaining balance of shares (approximately 22.6%) may be acquired after the Feasibility Study (FS), and once a decision to mine has been taken, its amount depending on the aforementioned valuation of Proyecto Productora.

CMP is free to exercise the tranches of the option. In the case it decides not to exercise the option it may be transferred to a third party.

The costs of the PFS of Proyecto Productora shall be completely assumed by HCH. Once the PFS has been carried out, CMP must contribute to the expenses, proportionately to their shareholding participation in SMEA.

Finally, CMP and Sociedad Minera El Corazon Limitada (SMECL), owner of 100% of the shares of SMEA, signed a Shareholders Agreement that regulates the rights and obligations the parties have as shareholders.

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## Qualifying Statements

### Forward Looking Statements

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 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 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.

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