



Hot Chili Limited ACN 130 955 725

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QUARTERLY REPORT

Period Ending June 30th 2015

Highlights

- **Major shareholders, including strategic partner CAP , underpin A\$8.1 million placement**
- **Hot Chili shareholders approve the CMP Transaction and both companies commence implementation of a joint venture at Productora, Chile**
- **Resource drilling results point to a significant maiden resource at the Alice copper porphyry deposit**
- **Drill results returned from Alice this quarter include 129m grading 0.6% copper from 188m depth, including 8m grading 1.2% copper and 0.1g/t gold**
- **Exploration drilling and geophysical survey underway over +6km copper porphyry footprint identified at Productora**

Summary of Activities

The Company has completed a very active quarter, with several important milestones achieved on the company's path towards establishing Hot Chili as a future ASX listed copper producer.

Hot Chili's shareholders approved a landmark deal with Chilean resource major Compañía Minera del Pacífico S.A (CMP) to provide infrastructure and a major joint venture partner to develop Hot Chili's flagship Productora copper project in Chile.

The two companies have focused on implementation of the joint venture and commencement of technical co-operation to deliver a robust Pre-feasibility study (PFS) at Productora this year.

Hot Chili also completed a successful \$8.1 million capital raising supported by its major shareholders - including CAP, parent company of CMP.

Drilling at the Alice copper porphyry discovery also commenced during the quarter. Drill results to date have confirmed that Alice will feature in an expanded Mineral Resource and Ore Reserve estimate, planned to be released with the Productora PFS this year.

ASX Code

HCH

Contact

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Managing Director

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PROJECT ACTIVITIES

Drilling Commences At Alice

During the quarter Hot Chili commenced 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 a maiden 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).

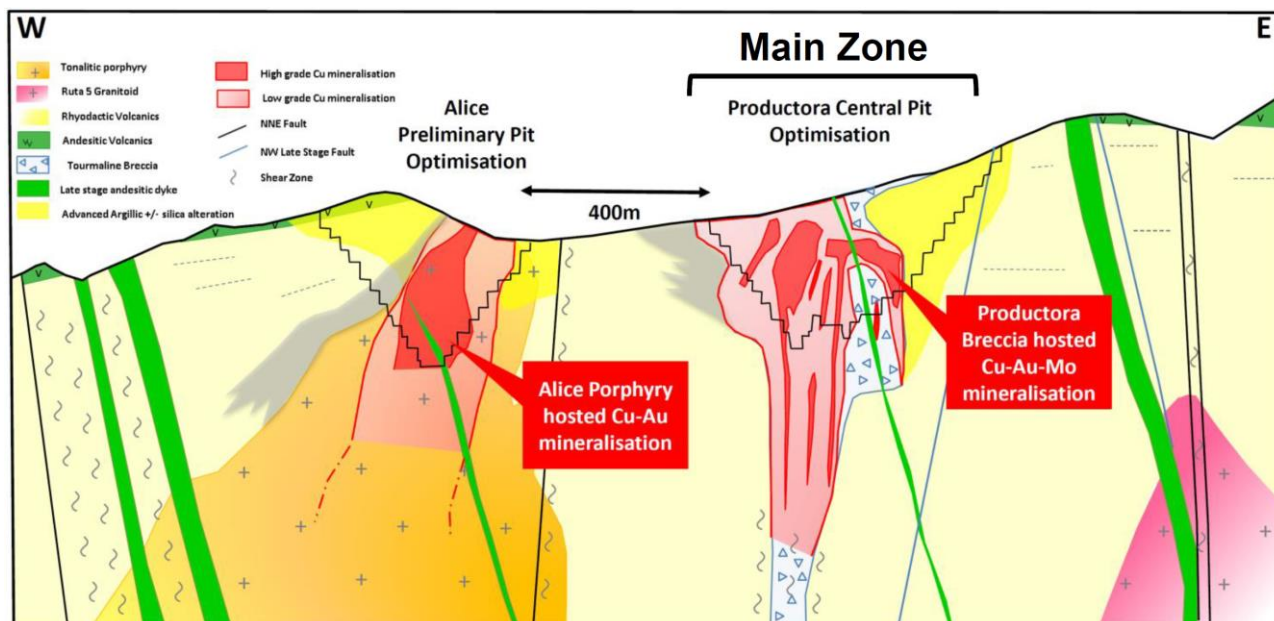
The addition of copper porphyry resources and recognition of large-scale copper porphyry potential marks an exciting new phase of growth and discovery at Productora.

Hot Chili has now commenced an extensive exploration campaign over a +6km-long porphyry footprint at Productora. The area to be targeted has been studied intensively since it was discovered late last year in association with Alice.

Exploration drilling commenced in mid-July over a number of high priority target positions adjacent to Alice. In addition, Hot Chili has also commenced an Induced Polarisation (IP) and Magnetotelluric (MT) geophysical survey at Productora.

It is anticipated that the IP and MT survey will refine copper porphyry drill targets ahead of further drilling. The use of a "Deep penetrating IP" geophysical technique at Productora will provide a valuable additional dataset to assess the overall potential of the large porphyry system that has been identified.

The discovery of Alice and large-scale copper porphyry potential immediately adjacent to the planned central pit development has significantly boosted the growth potential of Productora.



Schematic cross section across the Productora Project displaying Alice and Productora Main Zone, looking north

CORPORATE ACTIVITIES

Hot Chili Raises A\$8.1m via Placement

The Company successfully completed a capital raising during the quarter which saw major shareholders, including strategic partner CAP, underpin the placement - ensuring the Productora PFS will be completed with no additional debt to be drawn. Hot Chili raised A\$8.1m at A\$0.12 per share via a placement to seven of its major shareholders.

CAP, the parent company of Compañía Minera del Pacífico S.A. (CMP), the Chilean resources major and Hot Chili's JV partner at the Productora copper project, participated in the placement, with other major shareholders, including Taurus, affiliates of Sprott Inc and Megeve Investments, also taking part.

Proceeds from the capital raising will be used to complete the Productora PFS and resource definition drilling at Alice, meaning that Hot Chili will not need to draw down the remaining US\$8.5m of its credit facility with Sprott Resource Lending Partnership (Sprott Facility)

The balance on the Sprott Facility will remain at US\$10m, with the repayment deadline extended by 12 months to 30 June 2016.



Hot Chili Shareholders Approve CMP Transaction

Hot Chili has taken another key step towards development of its flagship Productora copper project in Chile, with shareholders approving a pivotal transaction with Chilean resources major CMP during the quarter.

The CMP Transaction, which was approved by shareholders at a General Meeting held on the 30th April, opens the door to funding options and provides access to vital infrastructure, saving time and money in the development of Productora.

CMP is a subsidiary of Compañía de Aceros del Pacifico S.A. (CAP), Chile's largest iron ore miner and integrated steel business, and is also Hot Chili's second-largest shareholder.

The deal will see CMP take a 17.5 percent stake in Productora in exchange for Productora securing access to critical infrastructure and CMP's interest in certain mining rights at the project. CMP also has an Option to increase its stake in Productora to 50.1 per cent at a price of between US\$80 million and US\$110 million (see separate ASX announcement re Notice of Meeting and full Independent Expert's Report dated March 19th March, 2015).

The Company is now strongly positioned to develop a large-scale copper business in partnership with one of Chile's largest mining groups.

The Productora PFS is on track for completion this calendar year, triggering a US\$26m tranche 1 payment should CMP exercise its option to increase its stake in Productora.



Hot Chili, CMP, CAP and Mitsubishi staff and consultants on a recent project tour of Productora following implementation of the joint venture.



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 were recommenced during the period.

Highlights from the quarter are described below:

- Monitoring of environmental and archaeological drilling platform construction
- Update of monthly statistics for Mining Authority
- Revision of contractor safety documents specifically related to current drilling programme.
- Disposal of hazardous and non-hazardous waste from last drilling programme scheduled for next quarter
- Professional development of our geological team continuing through intensive workshop and technical training by leading global technical consultants

The Company's HSEQ quarterly performance is summarised below:

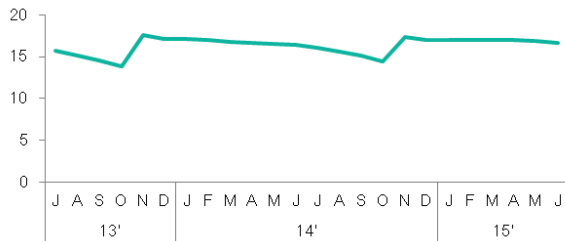
HSEQ Quarter 2 2015 Performance and Statistics

Item	Apr-Jun /15	Cumulative (3)
LTI events	0	2
NLTI events	1	1
Days lost	0	0
LTIFR index	0	16.7
ISR index	0	428.1
Thousands of mh (1)	3.1	299.0
Material incidents	0	0
Environmental accidents	0	0
Headcount (2)	19	-

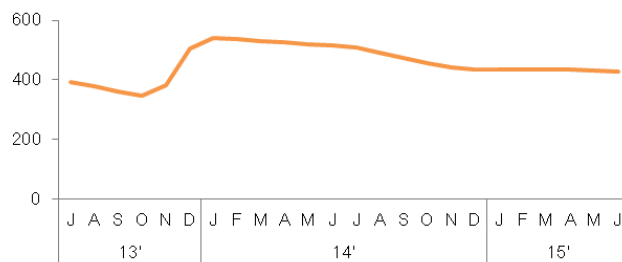
Notes: HSEQ is the acronym for Health, Safety, Environment and Quality. LTIFR per million man hours. Statistics monthly reported to the national Mine Safety Authority through an E-100 form; (1) man-hours; (2) Average headcount for the quarter: 44; (3) cumulative stats since JAN/2012.



Health, Safety, Environment and Quality (continued)



Cumulative LTIFR (staff and contractors). Last 24 months



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

Tenement Changes during the Quarter

Nil.



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.

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. 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 June 2015

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(517)	(12,357)
	(b) development	(764)	(4,413)
	(c) production		
	(d) administration	(633)	(3,084)
	Research and Development	(26)	(293)
1.3	VAT credit received	-	11,123
1.4	Interest and other items of a similar nature received	5	34
1.5	Interest and other costs of finance paid	(880)	(2,068)
1.6	Income taxes paid		
1.7	Other GST and R and D refund	-	99
	Net Operating Cash Flows	(2,815)	(10,959)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	(1,173)
	(b) equity investments		
	(c) other fixed assets	-	(34)
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)		
	Net investing cash flows	-	(1,207)



1.13	Total operating and investing cash flows (carried forward)	(2,815)	(12,166)
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1.13	Total operating and investing cash flows (brought forward)	(2,815)	(12,166)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	5,457	5,469
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)		(358)
	Net financing cash flows	5,457	5,111
	Net increase (decrease) in cash held	2,642	(7,055)
1.20	Cash at beginning of quarter/year to date	4,507	12,769
1.21	Exchange rate adjustments to item 1.20	(36)	1,399
1.22	Cash at end of quarter	7,113	7,113

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.

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



- 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	Amount used
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	1,500
4.2 Development	1,500
4.3 Production	
4.4 Administration	600
Total	3,600

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	7,025	4,419
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)	7,113	4,507



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	398,471,912	398,471,912		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	5,246,590 45,477,368	5,246,590 45,477,368	nil 12 cents	Fully paid 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 <i>(description and conversion factor)</i>	11,000,000		30 cents	<i>Exercisable on or before 27 June 2019</i>
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.

Sign here:

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

Date 31/07/2015

(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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