

Hot Chili Undertakes \$3.65 Million Capital Raising

Hot Chili Limited (ASX Code: HCH) is pleased to announce that it has completed a private placement book-build to raise AUD\$3.65 million through the issue of 6,083,361 new shares at AUD\$0.60 per share. Funds from the placement are being directed towards additional resource drilling being undertaken to deliver a first resource at the company's Productora multi-commodity copper project located in Chile.

The placement has been made to sophisticated and experienced investor clients of DJ Carmichael, who have acted as lead manager for the raising. The placement is being conducted within the Company's "15% limit" permitted under the listing rules without shareholder approval. Completion of the placement and issue of the shares is expected to take place on or before 3rd of June.

Progressing Towards First Resource at Productora

Extensive drilling programmes at both of the company's advanced Chilean multi-commodity copper projects are progressing well with all drilling rigs now operating at Productora following the completion of a first-pass 10,000m drilling programme at Los Mantos.

Drilling activities at Productora are focussed on defining a large at-surface multi-commodity copper resource over an initial 1.4km strike extent within the central area of the project.

Two new large tonnage zones uncovered by recent resource drilling will be targeted in an expanded drilling effort at Productora. Drilling results from these new zones included **67m grading 1.2% copper equivalent* from 74m down-hole which included 32m grading 1.0% copper, 203ppm molybdenum, 0.3g/t gold, 46 ppm uranium and 108 ppm cobalt** as reported to the ASX on the 11th of May 2011. Owing to the expanded resource drilling programme over these new zones, the company is now targeting to release the first resource at Productora before early September 2011. An additional three diamond drill rigs have been mobilised to accelerate resource drilling.

Extensional drilling results released along strike from the central area have recorded wide zones of multi-commodity mineralisation in drilling over some 2.5km strike within land holdings the company controls at the project, and further remains open along strike. Hot Chili controls over 12.5km of strike extent over the Productora iron-oxide-copper-gold-uranium (IOCGU) trend. The company intends to continue to grow the size of the initially defined resource in conjunction with the commencement of economic studies to evaluate the potential for a large open pit operation at the project.

Hot Chili has now completed over 2,400m of diamond drilling and 20,000m of RC drilling at Productora since commencing drilling activities in late August of 2010.

Activities Up-date

Hot Chili currently has several field-based and corporate activities in progress, comprising:

1. **Assays in progress:** Hot Chili is expecting further results from ongoing drilling activities at Productora and completed drilling at Los Mantos. Assays for drill holes already complete over the two projects are currently being processed by ALS Chemex laboratories and these results are expected over the coming weeks and months ahead.
2. **Increased diamond drilling focus:** The Company intends to accelerate its resource diamond drilling activities to test the depth extent of the central area over 1.4km strike extent. A total of four diamond drilling rigs are currently deployed at Productora.
3. **Targeting incremental additions to project areas:** Several negotiations and ongoing discussions are in progress regarding potential acquisitions of additional land positions at both of the company's advanced projects Productora and Los Mantos.
4. **Assessing new project opportunities:** A number of new project opportunities within Chile are currently being assessed to compliment the company's current project portfolio. Preliminary discussions are in progress.
5. **Advancement of Chile Norte project:** Exploration reconnaissance has been completed at the company's large early stage project located in the north of Chile. Works was undertaken over a number of targets identified on Hot Chili's own land concessions and those of CODELCO, Chile's partner at the project (65% exploration earn-in agreement over CODELCO's land position). Further work will be planned to follow-up four target areas where reconnaissance work has provided preliminary positive outcomes.

The directors of Hot Chili look forward to applying the additional funds raised under the placement towards resource drilling aimed at defining the company's first resource at Productora. This will represent a significant milestone in the company's development since listing on the Australian Securities Exchange in May 2010. The company's first resource will provide a strong platform for future growth and establish Hot Chili's presence within the ranks of emerging large-scale multi-commodity copper developments.

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