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ASX ANNOUNCEMENT

Wednesday 14th December 2011

Hot Chili Completes \$22.3 Million Placement with Strong Support from Strategic Shareholders

- AUD\$22.3 million placement at AUD\$0.60 cent per share
- Attaching AUD\$0.75 cent, one-year, unlisted option for every three shares subscribed
- Four of the company's top-five strategic shareholders secure AUD\$16.85 million in the placement
- Placement underpins funding of 2012 Productora development plan- extensive drilling and scoping studies already underway
- Appointment of Dr Michael Anderson to the board of Hot Chili. Dr Anderson has a strong track-record of delivering mineral projects into production
- Strong vote of confidence in Hot Chili's projects and growth strategy

Hot Chili Limited (ASX Code: HCH) is pleased to announce that it has completed a private placement book-build to raise AUD\$22.3 million through the issue of approximately 37.1 million new shares at AUD\$0.60 cent per share.

The placement has been strongly supported by four of the company's top-five strategic shareholders, namely Taurus Funds Management Pty Ltd (Taurus), Panoramic Resources Limited (Panoramic), Rex Harbour and Compañia de Aceros del Pacifico CAP. (CAP).

The placement, being managed by Bell Potter Securities, underpins the company's funding of a rapid resource growth and development strategy aimed at fast-tracking a production decision for Hot Chili's flagship Productora copper-gold-molybdenum project in Chile's coastal range.

ASX Code

HCH

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Private Placement Details- Strong Strategic Shareholder Support

Hot Chili has completed a private placement book-build to raise AUD\$22.3 million through the issue of approximately 37.1 million new shares at AUD\$0.60 cent per share. Participants in the placement will also receive one free attaching AUD\$0.75 cent, one-year, American-style, unlisted call option for every three new shares subscribed.

The placement has been made to four of Hot Chili's top-five strategic shareholders as well as sophisticated and professional investor clients of Bell Potter Securities, who have acted as lead manager for the raising.

The placement is being conducted in two tranches. The first tranche comprising approximately 9.0 million shares and 3.0 million options will be completed under the Company's "15% limit" permitted under the listing rules without shareholder approval.

Completion of the second tranche to the company's major shareholders and comprising 28.1 million shares and 9.4 million options will be made subject to shareholder approval at a general meeting which is expected to take place on or around the 1st of February 2012.

Use of Funds- Fast-Tracking of Productora the Primary Focus

Funds from the placement will largely be directed towards the rapid resource growth and development strategy which the company has already commenced at its flagship Productora copper-gold-molybdenum project in Chile's coastal range. In addition to the company's existing cash of approximately AUD\$7 million, funds will be directed toward achieving the following milestones at Productora during 2012.

- Completion of a major second-phase drilling programme comprising +65,000m reverse circulation (RC) and +5,000m diamond drilling (DD),
- Completion of a scoping study by early Q3 2012 as well as sufficient work-streams to allow for the immediate commencement of pre-feasibility studies in the second half of 2012,
- Completion of resource estimate up-grades in early Q3 2012 and early Q1 2013, and
- Completion of further key land acquisitions during 2012

The company will also direct some funds towards further exploration assessment of the Los Mantos and Chile Norte iron-oxide-copper-gold projects in Chile's coastal range.

Pre and Post-Raising Structure of Top 5 Shareholders

Four of Hot Chili's top five shareholders have underpinned the private placement capital raising, providing AUD\$16.85 million in subscription to the offer. These four strategic shareholders comprise Taurus, Panoramic, Rex Harbour and CAP (or their associated entities). Assuming shareholder approval of tranche 2 of the placement, the pre- and post-raising shareholding percentages of the top five shareholders is summarised below in table 1.



Table 1- Pre- and Post-Raising Top 5 Shareholders by %

Shareholder	Current %	Post-Raising %
Kalgoorlie Auto Services	24.6	20.0
Taurus Funds Management*	4.1	13.4
Panoramic Resources	4.1	5.8
Rex harbour (consolidated)	5.1	5.1
Port Finance (CAP)	3.8	3.7
Other	58.3	51.9
Total	100.0	100.0

Note Based on Taurus Funds Management shareholding as at 17th August 2011*

About Hot Chili's Strategic Shareholders

The participation of four of the company's top five shareholders as strategic investors is a strong vote of confidence in Hot Chili's projects and development strategy.

Taurus Funds Management Pty Ltd is a dedicated manager of investment strategies in the mineral commodities sector, particularly focusing on early stage mining projects and companies. The Taurus team has a strong mining operational and development background particularly in the copper industry. Mr Michael Anderson, a director of Taurus, has joined the board of Hot Chili effective from Tuesday the 13th of December 2011.

Panoramic Resources Limited (ASX Code PAN) is an established Australian mining company operating two underground nickel sulphide mines, the Savannah Project in the Kimberley, and the Lanfranchi Project near Kambalda, and is aggressively exploring the recently acquired Gidgee Gold Project. Panoramic has an experienced management team and is a highly regarded mine operator with strong project development capabilities. Panoramic has over \$100M in cash and receivables, no bank debt and is continually looking to grow its existing business through internal exploration success, outside acquisitions and/or joint ventures and alliances with the objective of becoming a significant diversified mining company.

Rex Harbour is a European-based private investor who is and has been a substantial shareholder in several ASX-listed resource companies.

Compañía de Aceros del Pacifico (CAP) is listed on the Chilean stock exchange with a market capitalisation as at March 2011 of US\$7.2 billion. CAP is the parent company of Compañía Minera del Pacifica (CMP), an iron ore mining company producing concentrate and iron ore pellets with projects in the 3rd and 4th region of the iron ore belt district in northern Chile. The company is a vertically integrated steel producer which also supplies Chile with steel from its plant in the southern city of Talcahuano. CMP is a project partner at Hot Chili's Productora project in Chile.



Appointment of Dr Michael Anderson to the Board of Hot Chili

Effective of Tuesday the 13th of December 2011, Mr Michael Anderson has been appointed to the board of Hot Chili as a non-executive director.

Mr Anderson has 20 years' industry experience, largely in southern Africa and Australia. His career commenced as a geologist with Anglo American, followed by roles in the metallurgical and engineering industries with Mintek, Bateman and Kellogg Brown & Root. He subsequently held senior management positions including Corporate Development Manager at Gallery Gold Limited, and most recently and relevantly as Managing Director at Exco Resources Limited, where he successfully oversaw the funding and development of the White Dam Gold Project, and the completion of feasibility studies on the Company's Cloncurry Copper Project prior to its sale to Xstrata. He joined Taurus as a Director in August 2011 and is also a Non-Executive Director of ASX-listed Base Resources Ltd.

The appointment of Mr Anderson significantly strengthens Hot Chili's board as the company embarks on a fast-track development strategy for its Productora project in Chile.

About the Productora Copper-Gold-Molybdenum Project

The Productora project is Hot Chili's flagship project in Chile. The project is located 15km south of the township of Vallenar, at low altitude (less than 1,000m) in Chile's 3rd region. Since drilling commenced in August 2010, the company has outlined a large-scale, bulk tonnage copper-gold-molybdenum project amenable to open pit mining. In September 2011, the company defined its first resource from within the central 1.4km extent of the project, reporting a JORC compliant resource of 85.1Mt grading 0.6% copper, 0.1g/t gold and 146ppm molybdenum (0.8% copper equivalent) for 483,000 tonnes of copper, 290,000 ounces of gold, 12,418 tonnes of molybdenum (644,000 tonnes of copper equivalent).

Significant exploration has outlined a 9.5km deposit footprint at Productora where extensional drilling by Hot Chili and previous explorer Teck has already confirmed significant drilling intersections over 3.7km strike extent. The company has commenced a major second-phase drilling programme to achieve rapid resource growth and is planning to commence development studies in January 2012 to fast-track a decision to mine by late December 2013. Preliminary economic benchmarking has indicated robust economics for a potential future open-pit operation ideally located to existing infrastructure including the PanAmerican Highway, rail, power and port (40km distance).

The company is aiming to establish a significant resource base at Productora from an identified 280 – 320M tonne target mineralisation at similar grade to that estimated in the first resource announced from the centre of the project. The Productora target mineralisation is summarised in table 2 below.



Productora Target Mineralisation								
	Tonnage (Mt)		Grade			Contained Metal		
	From	To	Unit	From	To	Unit	From	To
Copper	280	320	%	0.5	0.7	Tonnes	1,400,000	2,240,000
Gold	280	320	(g/t)	0.1	0.2	Ounces	900,223	2,057,653
Molybdenum	280	320	(g/t)	120	180	Tonnes	33,600	57,600
Copper Eq*	280	320	%	0.7	1.0	Tonnes	1,876,000	3,168,000

References to exploration target size and target mineralisation in this announcement are conceptual in nature and should not be construed as indicating the existence of a JORC Code compliant mineral resource. Target mineralisation is based on projections of established grade ranges over appropriate widths and strike lengths having regard for geological considerations including mineralisation style, specific gravity and expected mineralisation continuity as determined by qualified geological assessment. There is insufficient information to establish whether further exploration will result in the determination of a mineral resource within the meaning of the JORC Code

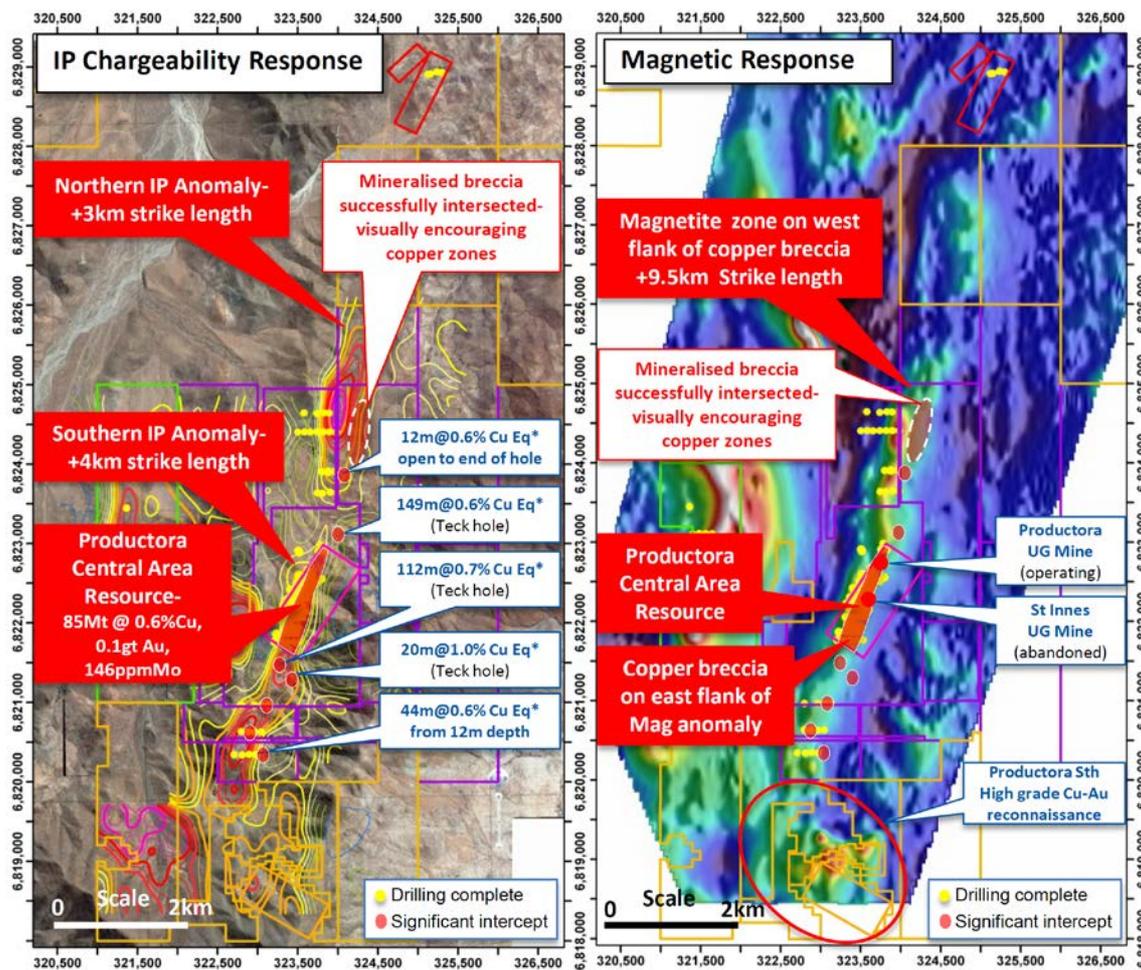


Figure 1- Selected extensional drilling results, magnetic and IP chargeability response of the Productora mineralised system- +9.5km in strike length.



The completion of the AUD\$22.3 million private placement book-build provides Hot Chili with substantial funding to pursue its rapid resource growth and development strategy at Productora.

The book-build, completed at a premium to the company's closing price of AUD\$0.59 cent per share on Friday the 9th of December, and the participation of four of Hot Chili's top five shareholders as strategic investors is a very strong endorsement of the company's projects and growth strategy.

The board of Hot Chili would like to welcome Dr Anderson to the company as a non-executive director and looks forward to his valuable contribution towards the growth and development of one of Chile's newest major coastal range copper discoveries.

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* Copper Equivalent Calculation

Copper Equivalent (also Cu Eq*) Calculation represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent copper percentage. These results are exploration results only and no allowance is made for recovery losses that may occur should mining eventually result. However it is the company's opinion that elements considered here have a reasonable potential to be recovered as evidenced in similar multi-commodity natured mines elsewhere in the world. Copper equivalent conversion factors and long-term price assumptions used follow:

Copper Equivalent Formula= Cu % + Mo(ppm)x0.0008 + Au(ppm)x0.6832

Price Assumptions- Cu (US\$1.80/lb), Mo (US\$15/lb), Au (US\$850/oz)

Target Mineralisation

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JORC Compliant Resource Statement- Reported 7th September 2011

Category	Tonnage (Mt)	Grade(>0.3%Cu)				Contained Metal(>0.3%Cu)			
		Copper %	Gold (g/t)	Molybdenum (g/t)	Copper Eq* %	Copper (Kt)	Gold (KOz)	Molybdenum (Tonnes)	Copper Eq* (Kt)
Indicated	31.1	0.6	0.1	159	0.8	185	110	4,942	248
Inferred	54.0	0.6	0.1	138	0.7	298	180	7,476	395
Total	85.1	0.6	0.1	146	0.8	483	290	12,418	644

Note: Figures in the above table are rounded to one significant figure in accordance with Australian JORC code 2004 guidance on mineral resource reporting.

Competent Person's Statement- Exploration Reporting

Information in this announcement that relates to exploration results and mineralisation is based on information compiled by Mr Christian Easterday, a Director, who is a Member of The Australian Institute of Geoscientists. Mr Easterday 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 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Mr Easterday consents to the inclusion in this presentation of the statements based on his information in the form and context in which they appear.

Competent Person's Statement- Resource Reporting

Information in this announcement relating to mineral resources is based on information compiled by Mr. Alfred Gillman, a Fellow of the Australian Institute of Mining and Metallurgy (CP). Mr. Gillman is an independent resource consultant and 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 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC code 2004). Mr. Gillman consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears

