

HIGHLIGHTS - ACTIVITY

Resource Estimation at Productora On-Track

- Resource modelling and estimation well underway at the Productora multi-commodity copper project in Chile
- Preliminary economic studies to commence immediately following initial resource release in early September 2011

Initial Resource Drilling at Productora Nearing Completion

- Final RC and diamond drilling being completed
- Latest drilling results have enhanced the size and grade of mineralisation at Productora

Los Mantos Delivers Early Results

- First-pass 10,000m drilling programme completed
- Significant results recorded in 18 of the first 21 holes released

Successful Completion of AU\$3.65 million Capital Raising



Resource drilling at Hot Chili's Productora project in May 2011

HIGHLIGHTS - RESULTS

Productora Resource Drilling Results

167m grading 1.0% Copper Equivalent* from surface

(0.6% copper, 180ppm molybdenum, 0.1g/t gold, 21ppm uranium and 98ppm cobalt)

including 21m grading 1.8% Copper Equivalent*

(1.3% copper, 153ppm molybdenum, 0.2g/t gold, 25ppm uranium and 93ppm cobalt)

102m grading 1.3% Copper Equivalent* from 91m down-hole

(0.7% copper, 301ppm molybdenum, 0.2g/t gold, 40ppm uranium and 131ppm cobalt)

including 8m grading 3.2% Copper Equivalent*

(2.2% copper, 195ppm molybdenum, 0.2g/t gold, 179ppm uranium and 161ppm cobalt)

62m grading 1.0% Copper Equivalent* from 30m down-hole

(0.6% copper, 107ppm molybdenum, 0.1g/t gold, 47ppm uranium and 231ppm cobalt)

including 8m grading 1.8% Copper Equivalent*

(1.1% copper, 115ppm molybdenum, 0.1g/t gold, 101ppm uranium and 305ppm cobalt)

56m grading 1.3% Copper Equivalent* from 88m down-hole

(0.8% copper, 207ppm molybdenum, 0.1g/t gold, 24ppm uranium and 251ppm cobalt)

including 8m grading 3.2% Copper Equivalent*

(2.4% copper, 421ppm molybdenum, 0.2g/t gold, 39ppm uranium and 257ppm cobalt)

52m grading 1.1% Copper Equivalent* from 75m down-hole

(0.7% copper, 118ppm molybdenum, 0.1g/t gold, 28ppm uranium and 210ppm cobalt)

including 11m grading 1.6% Copper Equivalent*

(1.0% copper, 119ppm molybdenum, 0.1g/t gold, 19ppm uranium and 329ppm cobalt)

Please refer to ASX announcements by Hot Chili dated 9th of June 2011, 24th February 2011 and 29th June 2011 for tables of all significant intersections recorded in drilling at Productora to date.

Los Mantos First Drilling Results

Northern Zone	Copper-Gold Results	<p>8m grading 2.1% copper and 0.1g/t gold from 56m down-hole</p>
		<p>14m grading 0.9% Copper and 0.1g/t gold from 72m down-hole</p> <p><i>including</i> 5m grading 1.8% copper and 0.3g/t gold</p>
		<p>11m grading 1.5% copper and 0.2g/t gold from 77m down-hole</p>
Southern Zone	Multi-commodity Results	<p>26m grading 1.0% copper equivalent* (0.7% copper, 88ppm molybdenum, 0.1g/t gold, 35ppm uranium and 108ppm cobalt) from 56m down-hole</p> <p><i>including</i> 10m grading 1.7% Copper Equivalent* (1.2% copper, 146ppm molybdenum, 0.1g/t gold, 56ppm uranium and 119ppm cobalt)</p>
		<p>8m grading 1.5% copper equivalent* (1.0% copper, 224ppm molybdenum, 0.1g/t gold, 44ppm uranium and 114ppm cobalt) from 25m down-hole</p>

Please refer to ASX announcements by Hot Chili dated 13th of May 2011, for tables of all significant intersections recorded in drilling at Los Mantos to date.

SUMMARY OF ACTIVITIES

Hot Chili has completed one of its busiest quarters since listing on the Australian Securities Exchange in May of 2010. The quarter saw a focus on drilling activities at Productora and Los Mantos as well as the advancement of early-stage exploration efforts at Chile Norte. Drilling results have continued to improve from Productora and the company received early encouragement from its first drilling results at Los Mantos. Late in the quarter all operations were focussed towards completing the last of the resource drill holes required to finalise a first resource estimation over the central area of Productora by early September. The company also successfully raised AU\$3.65 million during the quarter to support the completion of resource drilling activities at Productora.

PROJECT ACTIVITIES

Productora Project

Hot Chili is rapidly progressing its resource drilling programme towards completion as it aims to announce an initial resource from within the central area of Productora project. Drilling was re-directed from shallow RC drilling at the beginning of the quarter to deeper diamond drilling towards the end of the quarter. During this period, Hot Chili utilised up to six RC drilling rigs and five diamond drilling rigs on site.

Diamond drilling activities within the central area of Productora are progressing well. Diamond drilling is testing depth extensions to mineralisation over 1.4km strike length. Already a number of significant intersections have been received, indicating the deposit remains open at depth.

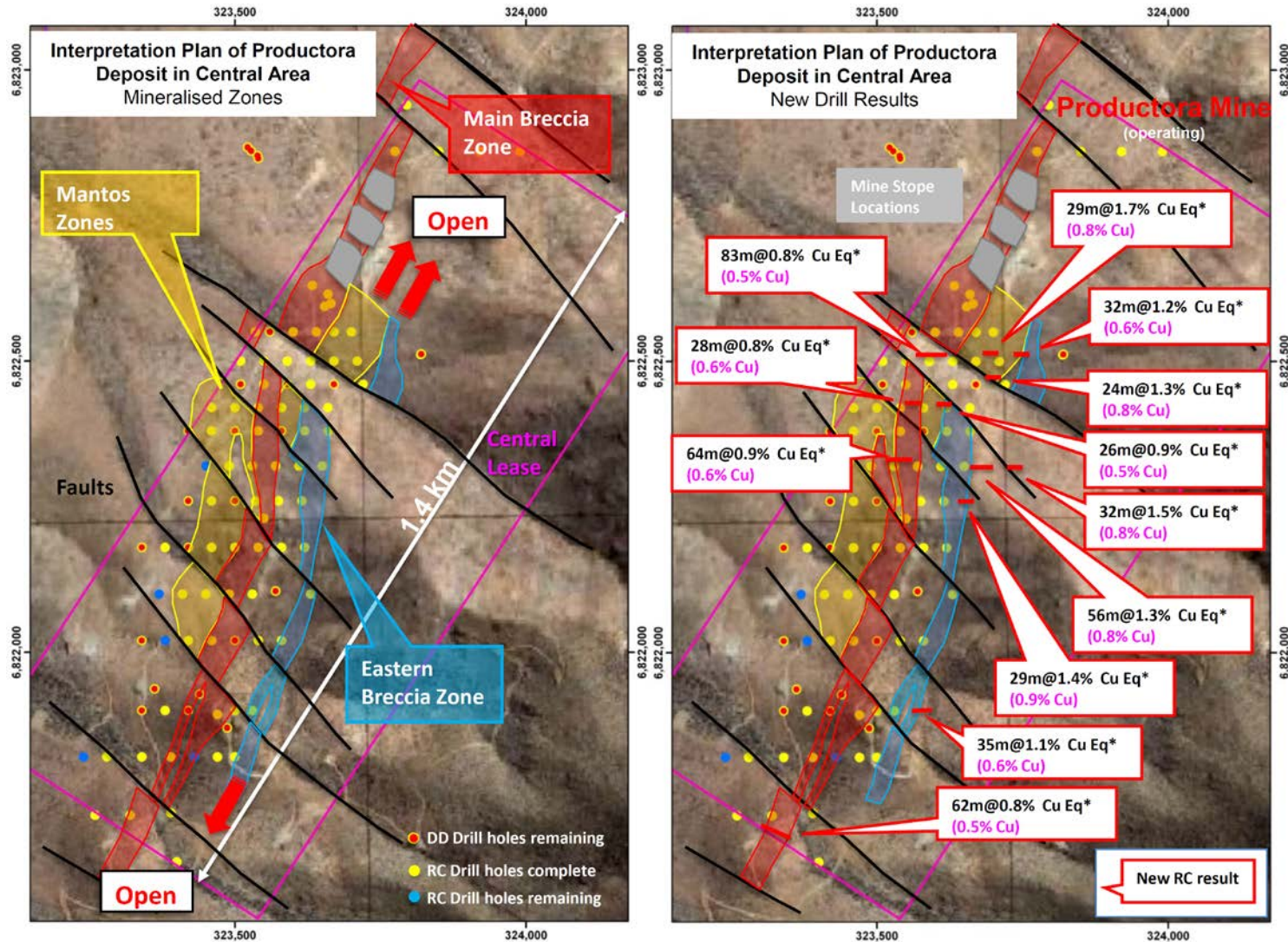
Resource drilling has returned several higher-grade results during the quarter, enhancing the grade of several areas within the deposit. Higher grade resource drilling results included:

- **56m grading 0.8% Copper**, 207ppm molybdenum, 0.1g/t gold from 88m down-hole
- **32m grading 0.8% Copper**, 316ppm molybdenum, 0.2g/t gold from 189m down-hole, and
- **29m grading 0.9% Copper**, 170ppm molybdenum, 0.1g/t gold from 62m down-hole

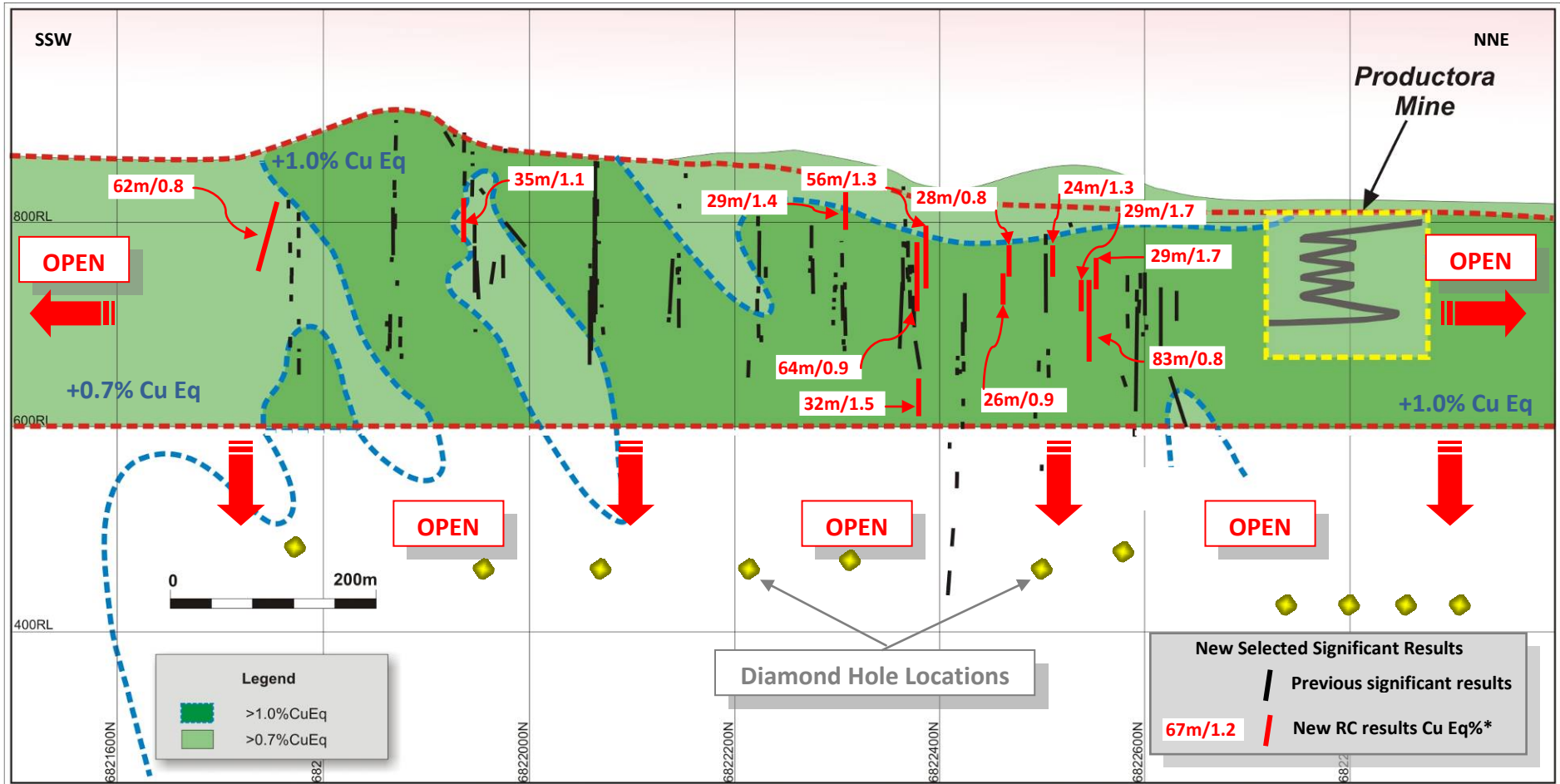
In addition to the higher-grade drilling results, further wide zones of mineralisation have also been intersected in key areas of the deposit. These results highlight the shallow nature of the deposit and clearly demonstrate that a number of potentially large tonnage zones continue from surface. The southern extent of the central area contains the majority of at-surface mineralisation. Wider resource drilling results included:

- **167m grading 0.6% Copper**, 180ppm molybdenum, 0.1g/t gold **from surface**
- **102m grading 0.7% Copper**, 301ppm molybdenum, 0.2g/t gold from 91m down-hole
- **62m grading 0.6% Copper**, 107ppm molybdenum, 0.1g/t gold from 30m down-hole, and

Resource drilling and modelling at Productora is on-track to deliver a first resource before early September. Preliminary economic studies and accelerated drilling will commence immediately following the initial resource release.



Most Recent Resource Drilling Results Announced from Productora on the 29th of June



Long Section of Productora Central Area- Previous (black) and new (red) selected drilling results and diamond hole locations.

As released on the 29th of June 2011

Los Mantos Project

A first-pass RC drilling programme comprising 10,000m was completed at Los Mantos during the quarter. Significant intersections were reported from 18 of the first 21 drill holes directed towards the project, confirming moderate width, multi-commodity copper mineralisation across 1.5km of the 2.5 km strike extent project.

These first drilling results confirm Hot Chili's earlier surface exploration which indicated a zoned metal distribution between the northern and southern zones of the deposit.

The northern zone of the deposit hosts a sequence of moderately east-dipping mantos zones. First drilling across this zone has successfully returned several moderate width intersections of copper and gold at shallow depths. Higher-grade mineralisation is associated with sediments and breccia zones related to cross faults locations. To date, drilling intersections in the northern zone average 8m width (down-hole), 1.2% copper and 0.1g/t gold. The average cumulative width of mineralisation in each of the first drill holes directed towards the northern zone is 14m (down-hole).

Mineralisation in the southern zone of Los Mantos is hosted by a series of west-dipping shears. Several orientations of drilling were utilised owing to the presence of mineralised cross faults. Many of the individual drill holes returned multiple intersections, recording significant multi-commodity grades in breccia. The multi-commodity drilling intersections individually average 6m width (down-hole), 0.8% copper, 0.1g/t gold, 118 molybdenum, 25ppm uranium and 102 cobalt. The average cumulative width of mineralisation in each of the first drill holes directed towards the southern zone is 28m (down-hole)

Further successful drilling results at Los Mantos will provide the company confidence to commence a second-pass programme with the aim of defining a second large-scale multi-commodity copper resource in Chile.

Chile Norte Project

A campaign of target reconnaissance utilising helicopter support has been completed over priority targets identified within CODELCO's land position as well as other priority areas of interest within Hot Chili's own large contiguous land holding at Chile Norte. The priority targets were identified by an earlier completed helicopter-based magnetic and radiometric survey. Four targets have now been confirmed for follow-up soil geochemical surveys and additional mapping.

During the quarter the company also completed planning for a second airborne magnetic and radiometric survey over its own northern landholding at Chile Norte. This survey is due to commence during August.

CORPORATE ACTIVITIES

The company completed a AU\$ 3.65 million capital raising to sophisticated and experienced investor clients of DJ Carmichael during the quarter. A total of 6,083,361 new shares were issued at AUD\$0.60 per share following the receipt of all funds on the 3rd of June 2011.

Funds from the placement have been directed towards additional resource drilling being undertaken to deliver a first resource at the company's Productora project. The additional resource drilling was directed over two new potentially large tonnage zones which have had been uncovered by recent resource drilling.

Drilling Results Information

- All drill holes are reverse circulation (RC)
- Results comprise ICP analysis (ME-ICP61) of all 1m selective (riffle split samples) and 4 composite samples.
- Priority AAS analysis (CU-AA62 ore grade analysis) results were utilised where analysis was undertaken for copper results greater than 1.0%.
- Priority MS analysis (ME-MS61) results were utilised where analysis was undertaken for uranium results greater than 50ppm.
- Gold analysis only undertaken for copper results greater than 0.2%. All gold results comprise ICP analysis (Au-ICP21). Gold significant intersections may in some instances represent the average of gold results within the zone of intersection. In these instances generally gold analysis has been undertaken over 90 percent of the samples taken within the length of the intersection.
- Significant intersections are a combination of both 1m selective sample intervals as well as 4m composite intervals.
- All results were analysed by ALS Chemex (La Serena) laboratories.

* 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= $Cu \% + Mo(ppm) \times 0.0009 + Au(ppm) \times 0.7808 + U(ppm) \times 0.0031 + Co(ppm) \times 0.0008$
Price Assumptions- Cu (US\$1.60/lb), Mo (US\$15/lb), Au (US\$850/oz), U (US\$50/lb), Co (US\$12/lb)

Competent Person's statement

Information in this report that relates to exploration results or mineral resources is based on information compiled by Mr Christian Easterday, a Director, who is a Member of The Australian Institute of Geoscience. 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 report of the statements based on his information in the form and context in which they appear.

Appendix 5B- Mining Exploration Entity Quarterly Cash Flow Report

Name of entity

Hot Chili Ltd

ABN

91130955725

Quarter ended ("current quarter")

30 June 2011

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(4,306)	(8,136)
		(448)	(1,611)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	64	104
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other GST	(18)	25
		(4,708)	(9,618)
Net Operating Cash Flows			
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(371)	(371)
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	(1)	(105)
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
		(372)	(476)
Net investing cash flows			
1.13	Total operating and investing cash flows (carried forward)	(5,080)	(10,094)

1.13	Total operating and investing cash flows (brought forward)	(5,080)	(10,094)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	3,455	7,819
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		(8)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	3,455	7,811
Net increase (decrease) in cash held			
		(1,625)	(2,283)
1.20	Cash at beginning of quarter/year to date	5,562	6,608
1.21	Exchange rate adjustments to item 1.20	284	(104)
1.22	Cash at end of quarter	4,221	4,221

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	91
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 and Directors fees

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

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- 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

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,000
4.2 Development	
4.3 Production	
4.4 Administration	400
Total	2,400

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	4,221	3,562
5.2 Deposits at call		2,000
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	4,221	5,562

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	Rolly 1-47	Ownership	100%	0%
6.2	Interests in mining tenements acquired or increased	Leona Segunda 1-4	Purchase	0%	100%
		Libertad 1-3	Option to Purchase	0%	0%

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 <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	149,043,888	101,673,888		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	6,233,361	6,233,361		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

7.7	Options <i>(description and conversion factor)</i>	40,590,000		<i>Exercise price</i> 20 cents	<i>Expiry date</i> 3/11/2013
7.8	Issued during quarter				
7.9	Exercised during quarter	150,000		20 cents	3/11/2013
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.

Date: 20 April 2011



John Sendziuk
Company Secretary

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.