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ASX ANNOUNCEMENT

16th October 2015

Hot Chili and CMP sign Non-Binding Letter of Intent on Second Copper Project

- Hot Chili and its partner in the Productora Project, Compañía Minera del Pacífico S.A. (CMP) have executed a non-binding Letter of Intent (LOI) to eventually form a Joint Venture (JV) and combine landholdings to explore and develop a second copper project in Frontera - Chile.
- Frontera is 50km south of Hot Chili's Productora copper project (on this date 82.5% owned by Hot Chili and 17.5% owned by CMP) and is the next step in Hot Chili's strategy to establish a major copper production hub.
- Hot Chili has already reported JORC-compliant resource of 187,000t of copper and 356,000oz of gold on its landholding at Frontera.
- Drilling undertaken by Noranda in the 1990's, and more recently by CMP, has confirmed large-scale porphyry copper-gold resource potential within CMP's surrounding landholding.

Hot Chili (ASX: HCH) is pleased to announce that it has taken another key step in its strategy to develop a world-class copper production hub in South America, with a non-binding agreement to eventually form a joint venture with Compañía Minera del Pacífico S.A. (CMP) at its Frontera project.

The pair are already joint venture partners at the Productora copper project 50km north from Frontera.

Hot Chili Chairman Murray Black said the joint venture was aimed at unlocking the value of Frontera through both exploration and development.

This value could then be leveraged by tying in the project to the wider production hub, enabling the two projects to potentially share key infrastructure.

ASX Code

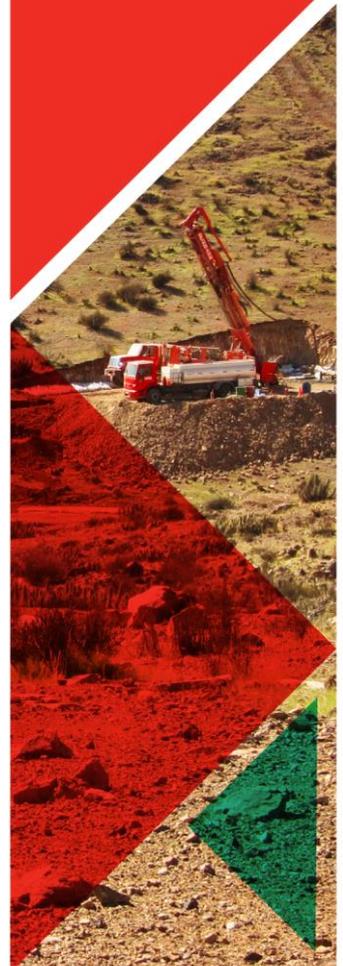
HCH

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“We can maximise the value of Frontera by combining our two companies’ skills and assets, as we have demonstrated at Productora,” Mr Black said.

“While Hot Chili’s focus is the development of Productora, Frontera has the potential to deliver further critical mass and diversity to our production hub while generating cost reductions associated with infrastructure sharing.

“We look forward to working with CMP over the coming months toward finalising the terms of a formal Joint Venture agreement for Frontera and adding to our growing relationship.”

Details of the Non-binding LOI Executed with CMP over Frontera

Both companies have executed a non-binding Letter of Intent (LOI) to eventually form a Joint Venture (JV) over the Frontera copper project, located 50km directly south of Productora as displayed in Figure 1.

The non-binding LOI has set out some preliminary terms towards the establishment of JV agreement between, Sociedad Minera El Corazón Limitada (“El Corazón”- Hot Chili’s 100% owned Chilean subsidiary), and Compañía Minera del Pacífico S.A. (“CMP”) over the Frontera project-located in the III Region, Chile.

Hot Chili and CMP are now working together to negotiate formal agreements to the proposed JV at Frontera. The final agreements, once completed and mutually satisfactory, will be subject to Board approval by both companies.

The Company looks forward to concluding these negotiations in the coming months, ahead of its plan to release an initial combined resource estimate for Frontera. This is expected to be a significant starting point for the commencement of exploration and resource growth activities at Frontera in 2016.

For more information please contact:

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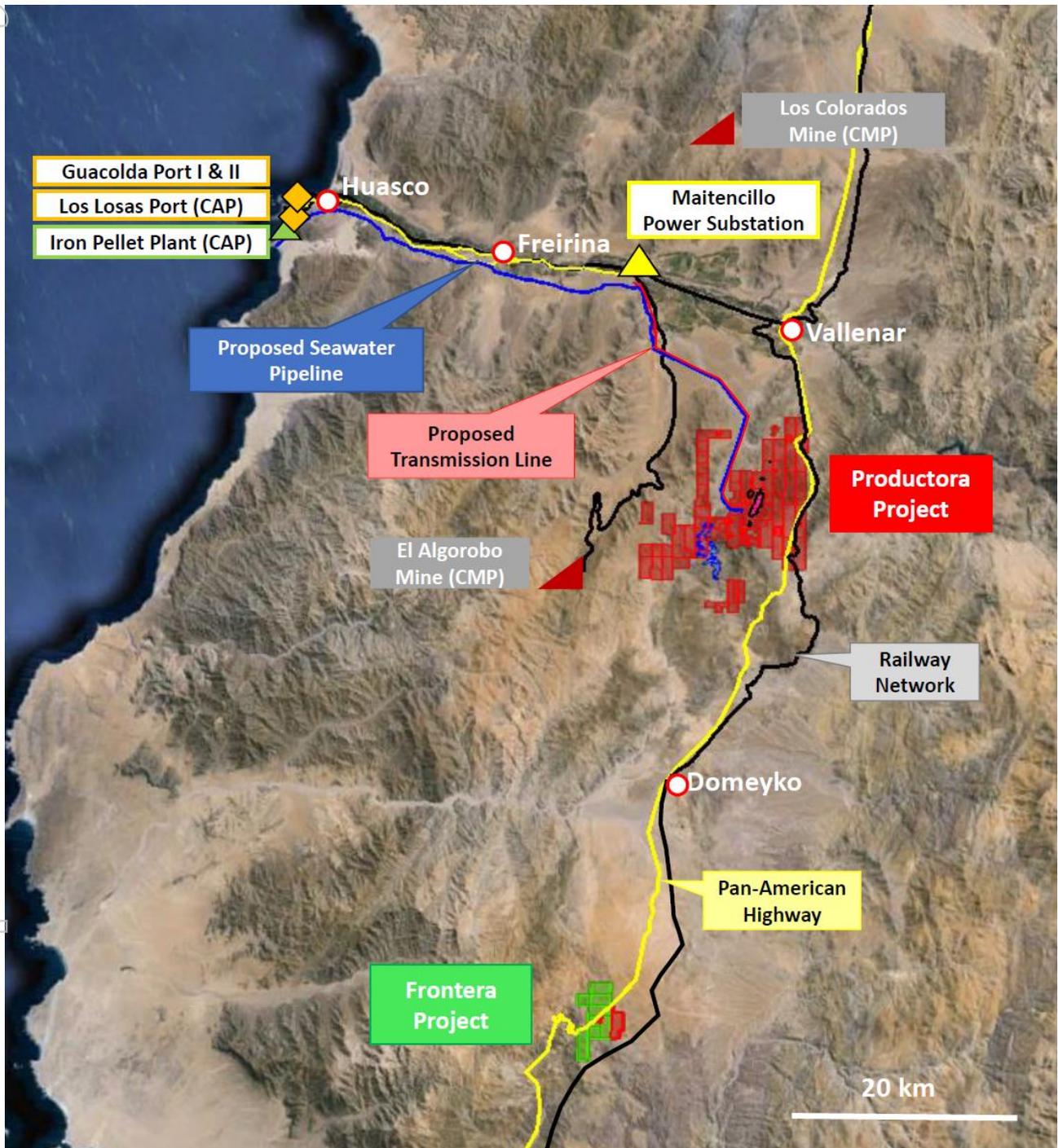


Figure 1. Location of the Frontera copper project in relation to existing infrastructure surrounding the Productora copper project, Region III Chile.



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.

Frontera Mineral Resource Statement- Reported 11th March 2014

Classification (>0.25% Copper)	Tonnage (Mt)	Grade		Contained Metal	
		Copper	Gold	Copper	Gold
		(%)	(g/t)	(tonnes)	(ounces)
Indicated	16.1	0.4	0.2	61,000	116,000
Inferred	34.4	0.4	0.2	125,000	239,000
Total	50.5	0.4	0.2	187,000	356,000

Note: Figures in the above table are rounded, reported to one significant figure, 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 and “Hot Chili Emerging as Significant Chilean Copper House with Maiden Resource at its Second Project”, dated 11th 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 and Frontera 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 report 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 report 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



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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.