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ASX ANNOUNCEMENT

Friday 8th July 2016

CMP Purchases Additional Stake in Productora for US\$1.5 Million *Sprott Loan Reduced and Extended*

Hot Chili Limited (ASX Code: HCH) is pleased to confirm that its Chilean joint venture partner Compañía Minera del Pacífico S.A. (CMP), has purchased an additional 2.5% interest in the Productora copper project for US\$1.5 million.

The additional stake now takes CMP's interest in Productora from 17.5% to 20%.

Funds from the transaction have been fully applied to reducing Hot Chili's loan facility (Facility) with Sprott Resource Lending Partnership (Sprott).

On Thursday 30th June 2016, Hot Chili reduced the Facility balance to US\$6.5 million through the payment of US\$3 million to Sprott. In addition, Sprott and Hot Chili have executed a 12 month extension to the Facility which will now be due for repayment on 30th June 2017.

CMP's increasing participation in Productora, and the reduction and extension of the Facility, have substantially strengthened the Company's financial position.

Update on Hot Chili and CMP's Next Steps at Productora

The Company is also pleased to confirm that Hot Chili and CMP are now focused on agreeing proposed amendments which may be incorporated into the existing CMP Option Agreement to ensure a sustainable long-term agreement between both companies.

Once this process is complete and Board approved by both companies, Hot Chili intends to announce any amendments to the existing CMP Option Agreement and seek shareholder approvals. Any amendments will be conditional upon Hot Chili obtaining necessary shareholder approvals.

ASX CODE

HCH

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Hot Chili's Chairman Murray Black said the Company was very pleased to be co-operating well with its joint venture partner CMP toward mapping out an activity path forward for Productora.

"Productora is very well positioned- we are seeing an alignment of our planned future decision to mine, and a rising copper market on the horizon" Mr Black said.

"Current conditions for the copper sector are certainly challenging, however we recognise several strong indicators toward a medium-term price recovery.

"We believe Productora will emerge into this next upward price cycle as a prized Chilean copper development option.

"Our team has been preparing to commence some very exciting next steps at Productora, including first drilling over several large-scale copper porphyry targets.

"I look forward to ensuring our shareholders have a number of near-term catalysts to anticipate as we advance our flagship Chilean copper project towards production."

For more information please contact:

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