



**Hot Chili Limited**

ACN 130 955 725

First Floor, 768 Canning Highway, Applecross, Western Australia 6153

PO Box 1725, Applecross, Western Australia 6953

**P:** +61 8 9315 9009

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[www.hotchili.net.au](http://www.hotchili.net.au)



11 November 2021

Dear Shareholder

## **ANNUAL GENERAL MEETING OF SHAREHOLDERS**

The Board of Directors of Hot Chili Limited (the **Company**) advises that its 2021 annual general meeting (**AGM**) will be held at First Floor, 768 Canning Highway, Applecross, Western Australia on Tuesday 14 December 2021 at 11.00am (WST).

### **Notice of Meeting**

In accordance with the relevant legislation, the Company will not be dispatching physical copies of the notice of AGM (**Notice**). The Notice is made available to shareholders electronically and can be viewed and downloaded online from the Company's website at the following link: <https://www.hotchili.net.au/>. A personalised proxy form will be attached to this letter.

### **Voting**

All resolutions at the AGM will be decided on a poll.

The poll will be conducted based on votes submitted by proxy and those cast at the AGM by shareholders who attend in-person.

<b>Online</b>	At <a href="http://www.investorvote.com.au">www.investorvote.com.au</a>
<b>By mail</b>	Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, Australia
<b>By fax</b>	1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)
<b>By mobile</b>	Scan the QR Code on your proxy form and follow the prompts
<b>Custodian voting</b>	For Intermediary Online subscribers only (custodians) please visit <a href="http://www.intermediaryonline.com">www.intermediaryonline.com</a> to submit your voting intentions

Your proxy instructions must be received not later than 48 hours before the commencement of the AGM, being 11.00am (WST) on Sunday 12 December 2021. Proxy Forms received later than this time will be invalid. Shareholders who wish to participate and vote at the AGM are strongly encouraged to complete and submit their proxies as early as possible.

The Chairperson intends to vote all open proxies **in favour** of all resolutions, where permitted.

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## **Questions**

Shareholders will be able to ask questions at the AGM.

Shareholders are also encouraged to submit questions in advance of the AGM to the Company. Questions must be submitted by email to [admin@hotchili.net.au](mailto:admin@hotchili.net.au) or in writing to the Company's office by 5.00pm (WST) on Tuesday 7 December 2021.

There will be no presentation at the meeting.

**Approved for release by the Board of Directors**

**Lloyd Flint**

Company Secretary



## **Hot Chili Limited**

**ACN 130 955 725**

# **Notice of Annual General Meeting, Explanatory Statement and Proxy Form**

**Annual General Meeting to be held at**

**First Floor  
768 Canning Highway  
Applecross Western Australia**

**11.00am (WST) on Tuesday, 14 December 2021**

### **IMPORTANT NOTE**

The Notice of Annual General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

## Important Information

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### Important dates

An indicative timetable of key proposed dates is set out below. These dates are indicative only and are subject to change.

Event	Date
Last day for receipt of Proxy Forms – Proxy Forms received after this time will be disregarded	11.00am (WST) on Sunday, 12 December 2021
Snapshot date for eligibility to vote	11.00am (WST) on Sunday, 12 December 2021
Annual General Meeting	11.00am (WST) on Tuesday, 14 December 2021

### Defined terms

Capitalised terms used in this Notice of Annual General Meeting will, unless the context otherwise requires, have the same meaning given to them in the Glossary set out in the Explanatory Statement.

## Notice of Annual General Meeting

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Notice is hereby given that the Annual General Meeting of Hot Chili Limited (ACN 130 955 725) (**Hot Chili or Company**) will be held at **First Floor, 768 Canning Highway, Applecross, Perth, Western Australia** at **11.00am (WST)** on **Tuesday, 14 December 2021**.

The Explanatory Statement, which accompanies and forms part of this Notice, describes the various matters to be considered.

Terms used in this Notice will, unless the context otherwise requires, have the same meaning given to them in the Glossary as set out in the Explanatory Statement.

## AGENDA

To consider, and if thought fit to pass, the resolutions set out below as an advisory resolution (in respect of Resolution 1), ordinary resolutions (in respect of Resolutions 2 to 4) and as special resolutions (in respect of Resolutions 5 to 7).

### Financial Statements and Reports

To receive and consider the annual financial report, Directors' report and Auditor's report of the Company for the financial year ended 30 June 2021, as contained in the Company's Annual Report.

### Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit to pass, with or without amendment, the following resolution as a **non-binding advisory resolution**:

*"That the Remuneration Report contained in the Directors' Report for the year ended 30 June 2021 be adopted by the Company."*

**Notes:** In accordance with the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

### Resolution 2: Re-election of Director – Dr Allan Trench

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 14.4, clause 7.3(a) of the Company's Constitution, and for all other purposes, Dr Allan Trench, a Director of the Company who retires in accordance with clause 7.3(a) of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."*

### Resolution 3: Election of Director – Mr Mark Jamieson

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 14.4, clause 7.1(e) of the Company's Constitution, and for all other purposes, Mr Mark Jamieson, a Director of the Company who was appointed to the Board as an additional Director, who retires in accordance with clause 7.1(e) of the Constitution and, being eligible, offers himself for election, be elected as a Director of the Company."*

## **Resolution 4: Approval to issue Interest Shares to Non-Related Parties**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*“That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 167,090 Interest Shares to holders of Convertible Notes (or their nominees), following the Consolidation of the Company’s issued Shares on a 50:1 basis, as payment of interest pursuant to the terms of those Convertible Notes, in the manner and on the terms and conditions set out in the Explanatory Statement.”*

**Note:** The number of Interest Shares stated in this Resolution assumes Shareholders approve the Consolidation of the Company’s issued Shares at the Company’s General Meeting convened for 15 November 2021, and the Company’s issued Shares are consolidated on a 50:1 basis.

## **Resolution 5: Approval to issue Interest Shares to Related Party – Blue Spec Drilling Pty Ltd**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*“That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 14,996 Interest Shares to Blue Spec Drilling Pty Ltd, a company controlled by Mr Murray Black, the Chairperson of the Company, (or its nominee), following the Consolidation of the Company’s issued Shares on a 50:1 basis, as payment of interest pursuant to the terms of Convertible Notes held by Blue Spec Drilling Pty Ltd, in the manner and on the terms and conditions set out in the Explanatory Statement.”*

**Note:** The number of Interest Shares stated in this Resolution assumes Shareholders approve the Consolidation of the Company’s issued Shares at the Company’s General Meeting convened for 15 November 2021, and the Company’s issued Shares are consolidated on a 50:1 basis.

## **Resolution 6: Approval of Issue of Securities under Incentive Plan**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*“That for the purposes of Listing Rule 7.2, Exception 13 and for all other purposes, the Company approves the issue of securities under the Incentive Plan as an exception to Listing Rule 7.1, on the terms and conditions described in the Explanatory Statement.”*

## **Resolution 7: Approval of Additional Placement Facility**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*“That the Company have the additional capacity to issue equity securities provided for in Listing Rule 7.1A.”*

**Note:** Resolution 7 is a special resolution. To be passed, it must be approved by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

**By order of the Board**

**Lloyd Flint**

Company Secretary  
11 November 2021

## Voting Prohibitions and Exclusions

### Corporations Act voting prohibitions

Pursuant to sections 250BD and 250R(4) of the Corporations Act, the following are subject to restrictions on voting as set out in the table:

Resolution	Description	Exclusion
Resolution 1	Adoption of the Remuneration Report	<p>A vote on the resolution must not be cast (in any capacity) by or on behalf of either of the following persons:</p> <ul style="list-style-type: none"> <li>(i) members of Key Management Personnel details of whose remuneration are included in the Remuneration Report; or</li> <li>(ii) a Closely Related Party of such a member.</li> </ul>

In relation to Resolution 1, members of Key Management Personnel and their closely Related Parties (other than the Chairperson) may not vote as proxy if the appointment does not specify how the proxy is to vote. The Chairperson may vote as proxy in accordance with an express authorisation for the Chairperson to exercise the proxy on the Proxy Form.

### ASX voting exclusion statements

For the purposes of Listing Rule 14.11, the following voting exclusion statements apply to the Resolutions.

The Company will disregard any votes cast in favour of the following Resolutions by or on behalf of the following persons or an Associate of those persons. However, this does not apply to a vote cast in favour of the following Resolutions by:

- the person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chairperson as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairperson to vote on the Resolution as the Chairperson decides; or
- a holder acting solely in a nominee, trustee, custodial, or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution	Excluded Parties
Resolution 4	Any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Shares in the Company).
Resolution 5	Blue Spec Drilling Pty Ltd and any nominee of Blue Spec Drilling Pty Ltd, and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of Shares in the Company).
Resolution 6	A Director (except a Director that is ineligible to participate in the Incentive Plan).



Resolution	Excluded Parties
Resolution 7	If at the time of the Meeting the Company is proposing to make an issue of Equity Securities under Listing Rule 7.1A.2, any person who is expected to participate in the issue or who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of Shares).

# Proxy Appointment, Voting, and Meeting Instructions

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## Proxy Form

The Proxy Form (and any power of attorney or other authority, if any, under which it is signed) must be received as below by **11am (WST) on Sunday, 12 December 2021**, being not later than 48 hours before the commencement of the Meeting. A Proxy Form received after that time will not be valid.

<b>Online</b>	At <a href="http://www.investorvote.com.au">www.investorvote.com.au</a>
<b>By mail</b>	Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, Australia
<b>By fax</b>	1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)
<b>By mobile</b>	Scan the QR Code on your proxy form and follow the prompts
<b>Custodian voting</b>	For Intermediary Online subscribers only (custodians) please visit <a href="http://www.intermediaryonline.com">www.intermediaryonline.com</a> to submit your voting intentions

## Appointment of a proxy

A Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy. The proxy may, but need not be, a Shareholder.

The Company encourages Shareholders to appoint the Chairperson as your proxy. To do so, mark the appropriate box on the Proxy Form. If the person you wish to appoint as your proxy is someone other than the Chairperson, please write the name of that person in the space provided on the Proxy Form. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairperson will be your proxy.

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, you may photocopy the Proxy Form or an additional Proxy Form may be obtained by telephoning the Company on +61 8 9315 9009.

To appoint a second proxy you must, on each Proxy Form, state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

## Corporate Shareholders

Corporate Shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

- two directors of the company;
- a director and a company secretary of the company; or
- for a proprietary company that has a sole director who is also the sole company secretary, that director.

## Corporate representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of

appointment must be lodged with the Company and/or the Company's share registry before the Meeting or at the registration desk on the day of the Meeting.

### **Votes on Resolutions**

You may direct your proxy how to vote by placing a mark in the 'FOR', 'AGAINST' or 'ABSTAIN' box opposite the Resolution. All your votes will be cast in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolution by inserting the percentage or number of Shares you wish to vote in the appropriate boxes. If you do not mark any of the boxes next to a Resolution, your proxy may vote as he or she chooses. If you mark more than one box on the Resolution, your vote will be invalid.

### **Chairperson voting undirected proxies**

If the Chairperson is your proxy, the Chairperson will cast your votes in accordance with your directions on the Proxy Form. If you do not mark any of the boxes on the Resolutions, then you expressly authorise the Chairperson to vote your undirected proxies at his/her discretion.

As at the date of this Notice of Meeting, the Chairperson intends to vote undirected proxies **FOR** each of the Resolutions. In exceptional cases the Chairperson's intentions may subsequently change and in this event, the Company will make an announcement to the market.

### **Voting entitlement (snapshot date)**

For the purposes of determining voting and attendance entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at **11am (WST) on Sunday, 12 December 2021**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

### **Questions from Shareholders**

Questions for the Board of Directors can be emailed to [admin@hotchili.net.au](mailto:admin@hotchili.net.au) and must be received be submitted by no later than **5pm (WST) on Friday, 10 December 2021**.

The board of Directors will endeavour to prepare answers to these questions, where necessary they will be moderated and curated to cover common ground.

Copies of written questions will be made available on the Company's website prior to the Meeting.

The Chairperson will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management and performance of the Company.

RSM Partners Australia, as the Auditor responsible for preparing the Auditor's Report for the year ended 30 June 2021 (or its representative), will attend the Meeting. The Chairperson will allow a reasonable opportunity for the Shareholders as a whole to ask the Auditor questions at the Meeting about:

- (a) the conduct of the audit;
- (b) the preparation and content of the Auditor's Report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the Financial Statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

To assist the Auditor of the Company in responding to any questions you may have, please submit any questions you may have to the Auditor at an address below by no later than **5.00pm (WST) on Friday, 10 December 2021**.

By mail: Level 32, Exchange Tower, 2 The Esplanade  
Perth WA 6000

By fax: +61 8 9261 9111

As required under section 250PA of the Corporations Act, at the Meeting, the Company will make available those questions directed to the Auditor received in writing at least five Business Days prior to the Meeting, being questions which the Auditor considers relevant to the content of the Auditor's report or the conduct of the audit of the Annual Financial Report for the year ended 30 June 2021. The Chairperson will allow a reasonable opportunity for the Auditor to respond to the questions set out on this list.

### **Annual Report**

The Company advises that a copy of its Annual Report for the year ended 30 June 2021, is available to download at the website address, <https://www.hotchili.net.au/investors/>.

When you access the Company's Annual Report online, you can view it and print a copy.

Please note that if you have elected to continue to receive a hard copy of the Company's Annual Reports, the Annual Report will accompany this Notice of Meeting or alternatively it will be mailed to you no later than 21 days before the Meeting.

However, if you did not elect to continue to receive a hard copy of the Company's Annual Reports and now (or sometime in the future) wish to receive a hard copy of the Company's Annual Reports, please contact the Company Secretary at [admin@hotchili.net.au](mailto:admin@hotchili.net.au). We will be pleased to mail you a copy.

# Explanatory Statement

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This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Annual General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

## 1. Financial Statements and Reports

Shareholders are to receive and consider the Financial Statements, Directors' Report and the Auditor's Report of the Company for the financial year ended 30 June 2021.

Shareholders will be given the opportunity to ask questions of the Board and the Auditors in relation to the Annual Report for the financial year ended 30 June 2021 at the Meeting.

## 2. Resolution 1: Adoption of Remuneration Report

The Remuneration Report is set out in the Directors' Report in the Company's 2021 Annual Report.

The Corporations Act requires the Company to put a resolution to Shareholders that the Remuneration Report be adopted. In accordance with section 250R (3) of the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.

In accordance with Division 9 of Part 2G.2 of the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director) must go up for re-election.

At the Company's previous Annual General Meeting the votes against the Remuneration Report was less than 25% of the votes cast on the Resolution. As such, Shareholders do not need to consider a spill resolution at the Meeting.

A voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. Key Management Personnel and their Closely Related Parties may not vote on this Resolution and may not cast a vote as proxy, unless the proxy appointment gives a direction on how to vote or the proxy is given to the Chairperson and expressly authorises the Chairperson to exercise the proxy. The Chairperson will use any such proxies to vote in favour of Resolution 1.

The Company encourages all Shareholders to cast their votes on Resolution 1.

## 3. Resolution 2: Re-election of Director – Dr Allan Trench

### 3.1 Background

Resolution 2 seeks Shareholder approval for the re-election of Dr Allan Trench as a Director of the Company.

In accordance with the Listing Rules and clause 7.3(a) of the Constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office and are eligible for re-election. The Directors to retire are:

- (a) those who have been in office for 3 years since their appointment or last re-appointment;
- (b) those who have been longest in office since their appointment or last re-appointment; or
- (c) if the Directors have been in office for an equal length of time, by agreement.

Dr Trench retires by rotation and, being eligible, offers himself for re-election as a Director.

If Resolution 2 is not passed, Dr Allan Trench will no longer be a Director of the Company.

### **3.2 Biography – Dr Allan Trench**

Dr Trench was originally appointed as a Director of the Company on 19 July 2010

Dr Trench is a geologist/geophysicist and business management consultant with over 20 years' experience across a broad range of commodities. His minerals sector experience spans strategy formulation, exploration, project development and mining operations. Dr Trench holds degrees in geology, a doctorate in geophysics, a Masters in Mineral Economics and a Masters in Business Administration. He currently acts as independent director to a number of emerging resources companies, both in Australia and overseas.

Dr Trench has previously worked with McKinsey & Company as a management consultant, with Woodside Petroleum in strategy development and with WMC both as a geophysicist and exploration manager. He is an Associate Consultant with international metals and mining advisory firm CRU Group and has contributed to the development of that company's uranium practice, having previously managed the CRU Group global copper research team.

Dr Trench maintains academic links as an Adjunct Professor to the Western Australian School of Mines, Curtin University of Technology.

### **3.3 Directors' recommendation**

The Directors (other than Dr Trench) recommend that Shareholders vote in favour of Resolution 2 to re-elect Dr Trench as a Director.

## **4. Resolution 3: Election of Director – Mr Mark Jamieson**

### **4.1 Background**

Resolution 3 seeks Shareholder approval for the election of Mr Mark Jamieson as a Director of the Company.

Mr Jamieson was appointed to the Board on 2 September 2021 as an additional Non-Executive Director at the nomination of Glencore, on Glencore becoming a substantial Shareholder of the Company.

In accordance with the Constitution, Mr Jamieson is required to retire as a Director at the Meeting and is eligible for election as a Director.

### **4.2 Biography – Mr Mark Jamieson**

Mr Jamieson is currently General Manager Resource Engineering for Glencore's global copper asset group leading technical support and governance in geology, mine engineering and asset optimisation for development projects, operations and JV's.

Mark brings 20+ years of technical and project experience in open pit and underground operations, including sub level and block cave mines with Newcrest, MMG and Barrick Gold across Australia, Africa, South-East Asia and South America.

Mark holds a bachelor's degree with honours in Geotechnical Engineering from RMIT University, and a Masters of Engineering Science in Mining Geomechanics from The University of New South Wales.

Mr Jamieson has not held any directorships in any public listed company in Australia in the last three years.

#### 4.3 Directors' recommendation

The Directors (other than Mr Jamieson) recommend that Shareholders vote in favour of Resolution 3 to elect Mr Jamieson as a Director.

### 5. Resolution 4: Approval to issue Interest Shares to Non-Related Parties

#### 5.1 Background

Resolution 4 seeks Shareholder approval to enable the Company to issue fully-paid ordinary shares (**Shares**) in satisfaction of interest (**Interest**) that will become due and payable by the Company pursuant to the terms and conditions of the convertible notes with a face value of \$100 each that it issued to investors under its capital raising announced to ASX on 21 June 2017 (**Convertible Notes**).

The Convertible Notes were issued with shareholder approval at the Company's general meetings held on 6 June 2017 and 31 August 2017.

The terms of the Convertible Notes are summarised in Schedule 1.

Pursuant to the terms of the Convertible Notes, Interest of 8% per annum, calculated daily, compounding monthly, is payable to holders of Convertible Notes (**Noteholders**) on a quarterly basis (each an **Interest Period**) in either cash or Shares, at the election of the Company.

The Convertible Notes held by Noteholders who are Non-Related Parties of the Company mature on 20 June 2022.

Pursuant to the terms of these Convertible Notes, if the Company elects to pay Interest in Shares (**Interest Shares**), the Interest Shares are to be issued at a deemed issue price equal to the volume-weighted average price (**VWAP**) of the Company's Shares calculated over the five trading days prior to their issue date, being the last date of the relevant Interest Period (31 December, 31 March, 30 June, or 30 September in each calendar year).

As at the date of this Notice, there are a total of 68,776 Notes on issue, of which 65,392 Notes are held by Non-Related Parties.

At the Company's General Meeting to be held on 15 November 2021 (**General Meeting**), the Company is proposing to seek Shareholder approval for the Company to undertake a consolidation of the number of Shares on issue on the basis that every fifty (50) Shares held will be consolidated into one (1) Share. The Consolidation is described in the Notice of General Meeting issued on 14 October 2021 and available at <https://www.hotchili.net.au/investors/>.

The Consolidation is expected to take effect on 15 November 2021, i.e. before the Annual General Meeting, and the following information is provided on the basis and expectation that the Consolidation will take effect, resulting in:

- (a) the total number Share on issue as at the date of this Notice, decreasing by a factor of 50, from 4,370,972,524 Shares to 87,419,450 Shares (assuming no new Shares are issued in the interim);
- (b) an increase in the market price per Share traded on ASX; as at 9 November 2021, the latest practicable date prior to the issue of this Notice, the market price of Shares traded on ASX was \$0.045; and

- (c) the Convertible Notes will be adjusted in accordance with Listing Rule 7.21 as follows (subject to rounding):

Pre-Consolidation		Post- Consolidation	
Number of Convertible Notes	Conversion price per Share	Number of Convertible Notes	Conversion price per Share
68,776 (face value \$100 each)	\$0.03333	68,776 (face value \$100 each)	\$1.6665

Resolution 4 seeks Shareholder approval for the issue of up to 167,090 Interest Shares (on a post-Consolidation basis) in satisfaction of interest in the amount of up to \$379,582.38 that will become due and payable by the Company with respect to Convertible Notes held by Non-Related Parties over the period from the date of the Meeting to the maturity date of the Convertible Notes (20 June 2022), being with respect to the quarters ending on 31 December 2021 and 31 March 2022 (each a **Relevant Quarter**) and the period from 1 April 2022 to 20 June 2022.

The table below sets out the potential amount of interest that will be payable to Non-Related Parties by the Company with respect to each Relevant Quarter, and the number of Interest Shares that may be issued pursuant to Resolution 4 for each Relevant Quarter. The table shows examples assuming the Interest Shares will be issued at an issue price of \$1.50, 2.00, \$2.50 or \$3.00 each (on a post-Consolidation basis).

Quarter or maturity date ending		31/12/2021	31/03/2022	20/06/2022 (maturity date)	Total
Total Interest payable		\$131,833.59	\$128,948	\$118,800.79	\$379,582.38
Number of Interest Shares to be issued (on post-Consolidation basis)	Issue price of \$1.50 per Interest Share	87,889	85,965]	79,201	167,090
	Issue price of \$2.00 per Interest Share	65,917	64,474	59,400	189,791
	Issue price of \$2.50 per Interest Share	52,733	51,579	47,250	151,562
	Issue price of \$3.00 per Interest Share	43,944	42,983	39,600	126,527

If the maximum number of Interest Shares are issued for each Relevant Quarter, which will only occur if the VWAP of Shares over the five trading days prior to the end of each Relevant Quarter is \$1.50 or less, then the number of Interest Shares to be issued to non-Related Party Noteholders with the approval of Shareholders, will be 167,090 Shares (post-Consolidation basis), which represents approximately 0.2% of the Company's current issued Share capital on a post-Consolidation basis, and the Company's shareholders will be diluted accordingly.



To the extent that Interest Shares in addition to those approved pursuant to Resolution 4 are required to be issued to satisfy interest payable pursuant to the Notes for a given quarter, then the Company intends to issue those Interest Shares using its issuing capacity under Listing Rule 7.1 and, if applicable, Listing Rule 7.1A.

## 5.2 **Applicable Listing Rules**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully-paid ordinary shares it had on issue at the start of that period.

The issue of the Interest Shares does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. The issue therefore requires approval of the Company's Shareholders under Listing Rule 7.1.

To that end, Resolution 4 seeks the required Shareholder approval for the issues under and for the purposes of Listing Rule 7.1.

If Resolution 4 is passed, the Company will be able to proceed with the issue of the Interest Shares. In addition, the Interest Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of the Interest Shares and would consequently need to satisfy Interest payments in cash.

## 5.3 **Listing Rule information requirements**

In accordance with the disclosure requirements of Listing Rule 7.3, the following information is provided in relation to Resolution 4:

### (a) **Names of the persons to whom the Company will issue securities**

The recipients of the Interest Shares will be the Noteholders of the Company, or their nominees, none of whom are Related Parties of the Company, and none of whom are members of the Company's key management personnel, substantial holders in the Company, advisers to the Company, or an associate of any of the above, who will be issued more than 1% of the Company's current issued capital.

### (b) **Number and class of the securities to be issued**

A maximum of 167,090 Shares (fully-paid ordinary shares), on a post-Consolidation basis, are proposed to be issued to the Noteholders under Resolution 4. This is equivalent to 8,354,500 Shares on a pre-Consolidation basis.

### (c) **The date of issue**

Listing Rule 7.3.4 requires that any securities issued pursuant to Shareholder approval under Listing Rule 7.1 be issued within 3 months of the meeting at which approval was obtained.

ASX has granted the Company a waiver from Listing Rule 7.3.4 to the effect that, if Resolution 4 is approved, the Company may issue up to 167,090 Interest Shares to the unrelated Noteholders no later than 30 June 2022.

The Company anticipates issuing the Interest Shares over three separate dates, each corresponding with the end of each Relevant Quarter, being 31 December 2021 and 31 March 2022, and the maturity date of 20 June 2022.

The full terms of the waiver of Listing Rule 7.3.4 that was granted by ASX are set out at Schedule 2 to this Explanatory Statement.

A summary of the material terms of the Convertible Notes, as is required by the terms of the waiver, are set out at Schedule 1 to this Explanatory Statement.

(d) **Price or consideration the Company will receive for the issue**

The Interest Shares will be issued at a deemed issue price equal to the VWAP of Shares over the 5 trading days prior to their issue date, being the last date of each Relevant Quarter (being 31 December 2021 and 31 March 2022, and the maturity date of 20 June 2022).

(e) **The purpose of the issue and intended use of funds**

The Interest Shares are to be issued in satisfaction of interest payable by the Company to Noteholders pursuant to the terms of their Convertible Notes. Accordingly, no funds will be raised by the issue of the Interest Shares.

(f) **If the securities are being issued under an agreement, a summary of any other material terms of the agreement**

A summary of the material terms of the Convertible Notes are set out at Schedule 1 to this Explanatory Statement.

5.4 **Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4, as the payment of Interest due on Convertible Notes in Shares rather than cash will preserve the Company's cash reserves and allow the Company to spend a greater portion of its available cash on its operations rather than on the payment of Interest due in respect of the Convertible Notes.

**6. Resolution 5: Approval to issue Interest Shares to Blue Spec Drilling Pty Ltd**

6.1 **Background**

Resolution 5 seeks approval by Shareholders for the issue of up to 14,996 Interest Shares on a post-Consolidation basis in satisfaction of interest in the amount of \$22,493.84 that will become due and payable by the Company with respect to 3,384 Convertible Notes held by Blue Spec Drilling Pty Ltd (**Blue Spec**) over the 12 months from the date of the Meeting, being with respect to the quarters ending on 31 December 2021 and 31 March 2022 (each a **Relevant Quarter**) and the period from 1 April 2022 to 20 June 2022 (being the maturity date of the Convertible Notes held by Blue Spec).

The terms of the Company's Convertible Notes held by Blue Spec are summarised in Schedule 1 and are described in Section 5.1 above, and the same as the terms of the Convertible Notes held by other Noteholders.

Blue Spec is a company controlled by Mr Murray Black, the Non-Executive Chairperson of the Company, and is therefore a Related Party of the Company.

The table below sets out the potential amount of interest that will be payable to Blue Spec by the Company with respect to each Relevant Quarter, and the number of Interest Shares that may be issued pursuant to Resolution 5 for each Relevant Quarter and the period to the maturity date of the Convertible Notes. The table shows examples assuming the Interest Shares will be issued at an issue price of \$1.50, \$2.00, \$2.50 or \$3.00 each (on a post-Consolidation basis).

Quarter or maturity date ending		31/12/2021	31/03/2022	20/06/2022 (maturity date)	Total
Total Interest payable		\$7,783.10	\$7,612.74	\$7,098	\$22,493.84
Number of Interest Shares to be issued (on post-Consolidation basis)	Issue price of \$1.50 per Interest Share	5,189	5,075	4,732	14,996
	Issue price of \$2.00 per Interest Share	3,892	3,806	3,549	11,247
	Issue price of \$2.50 per Interest Share	3,113	3,045	2,839	8,997
	Issue price of \$3.00 per Interest Share	2,594	2,538	2,366	7,498

If the maximum number of Interest Shares are issued for each Relevant Quarter, which will only occur if the VWAP of Shares over the five trading days prior to the end of each Relevant Quarter is \$1.50 or less, then the number of Interest Shares to be issued to Blue Spec, with the approval of Shareholders will be 14,996 Shares on a post-Consolidation basis, which represents approximately 0.017% of the Company's current issued Share capital (on a post-Consolidation basis) , and the Company's shareholders will be diluted accordingly.

To the extent that Interest Shares in addition to those approved pursuant to Resolution 5 are required to be issued to satisfy interest payable pursuant to the Convertible Notes held by Blue Spec for a given Relevant Quarter, then the Company intends to satisfy that shortfall by way of a cash payment to Blue Spec.

## 6.2 Applicable Listing Rules

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 – a related party; a related party includes a director and a person who will become a director;
- 10.11.2 - a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the Company;
- 10.11.3 – a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the Company and who has nominated a director to the board of the Company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 – an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 – a person whose relationship with the company or a person referred to in Listing Rule 10.11.1 to 10.11.4 is such that, ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains approval of its shareholders.

The issue of the Interest Shares to a Related Party falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires approval of Shareholders under Listing Rule 10.11.

Resolution 5 seeks the required Shareholder approvals to issue the Interest Shares to Blue Spec under and for the purposes of Listing Rule 10.11.

If Resolution 5 is passed, the Company will be able to proceed with the issue of Interest Shares to Blue Spec.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of the Interest Shares and would instead need to pay Interest to Blue Spec in cash.

### 6.3 **Chapter 2E of the Corporations Act**

Section 208(1) of the Corporations Act (set out in Chapter 2E) requires that, where a public company proposes to give a financial benefit to a Related Party, the public company must:

- obtain the approval of the company's members in accordance with section 208 of the Corporations Act in the manner set out in sections 217 to 227 of the Corporations Act; and
- give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Section 210 of the Corporations Act provides that shareholder approval is not required to give a financial benefit in circumstances where the benefit is given on terms that would be reasonable in the circumstances if the public company and the related party were dealing at arm's length.

The issue of Interest Shares to Blue Spec constitutes the giving of a financial benefit to a Related Party of the Company for the purposes of section 208 of the Corporations Act.

The Board (other than Mr Murray Black) has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the Interest Shares to Blue Spec, as those Interest Shares will be issued at the same price on the same terms and conditions as any Interest Shares issued to each other Noteholder, being terms and conditions agreed on commercial terms with arm's length parties who are not Related Parties of the Company.

Accordingly, the Board (other than Mr Murray Black) considers that the issue of the Interest Shares to Blue Spec is reasonable in the circumstances as if the Company and that Related Party was dealing on arm's length terms, and has determined not to seek Shareholder approval under section 208 of the Corporations Act for the issue of the Interest Shares to Blue Spec.

### 6.4 **Listing Rule information requirements**

Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 as follows:

#### (a) **The names of the person**

The Interest Shares will be issued to Blue Spec Drilling Pty Ltd, a company controlled by Mr Murray Black, the Non-Executive Chairperson of the Company, or its nominee.

#### (b) **Which category in rules 10.11.1 – 10.11.5 the person falls within and why**

Blue Spec falls within Listing Rule 10.11.1, as an entity controlled by Mr Murray Black, who is a Related Party of the Company by virtue of being a Director.

(c) **The number and class of securities to be issued to the persons**

A maximum of 14,996 Shares (fully-paid ordinary shares), on a post-Consolidation basis, are proposed to be issued to the Noteholders under Resolution 5. This is equivalent to 749,800 Shares on a pre-Consolidation basis.

The Interest Shares will be fully-paid ordinary Shares which will rank equally in all respects with Shares then on issue.

(d) **The date on which the company will issue the securities**

Listing Rule 10.13.5 requires that a notice of meeting seeking approval for an issue of securities under Listing Rule 10.11 state that the securities will be issued within 1 month of the meeting at which approval was obtained.

ASX has granted the Company a waiver from Listing Rule 10.13.5 to the effect that, if Resolution 4 is approved, the Company may issue up to an aggregate of 14,996 Interest Shares to Blue Spec (or its nominee) on a post-Consolidation basis, no later than 30 June 2022.

The Company anticipates issuing the Interest Shares on four separate dates, each corresponding with the end of each Relevant Quarter, being 31 December 2021 and 31 March 2022, and the maturity date of 20 June 2022.

The full terms of the waiver of Listing Rule 10.13.5 that was granted by ASX are set out at Schedule 2 to this Explanatory Statement.

A summary of the material terms of the Convertible Notes, as is required by the terms of the waiver, are set out at Schedule 1 to this Explanatory Statement.

(e) **The price or consideration the entity will receive for the issue**

The Interest Shares will be issued at a deemed issue price equal to the VWAP of Shares over the 5 trading days prior to their issue date, being the last date of the Relevant Quarter (being 31 December 2021 and 31 March 2022) and the maturity date of 20 June 2022.

(f) **The purpose of the issue and use of funds**

The Interest Shares are to be issued in satisfaction of interest payable by the Company to Blue Spec pursuant to the terms of its Convertible Notes. Accordingly, no funds will be raised by the issue of the Interest Shares.

(g) **If the issue is intended to remunerate or incentivise a director, details of the director's remuneration**

The issue of the Interest Shares is not being made to incentivise or remunerate Blue Spec, Mr Murray Black, or any other person.

(h) **If the securities are being issued under an agreement, a summary of any other material terms of the agreement**

A summary of the material terms of the Convertible Notes are set out at Schedule 1 to this Explanatory Statement.

6.5 **Directors' recommendation**

The Directors (other than Mr Black) recommend that Shareholders vote in favour of Resolution 5, as the payment of interest due on Convertible Notes in Shares rather than cash will preserve the Company's cash reserves and allow the Company to spend a greater portion of its cash reserves on its operations rather than on the payment of interest due in respect of the Convertible Notes.

Mr Black (the controller of Blue Spec) has a material personal interest in the outcome of Resolution 5 and declines to make any recommendation as to how Shareholders should vote on that Resolution.

## **7. Resolution 6: Approval of Issue of Securities under Incentive Plan**

### **7.1 Background**

As part of its incentive arrangements for Directors and senior employees, the Company has established an Employee Incentive Plan (**Incentive Plan**) which is governed by the Employee Incentive Plan Rules (Rules).

A summary of the terms of the Incentive Plan is set out in section 7.4 below.

Pursuant to the Incentive Plan, the Board may grant Options or Performance Rights (**Awards**) to the persons described in section 7.6(a)) below, in accordance with the Rules and otherwise on terms and conditions set by the Board at its discretion.

Resolution 6 seeks Shareholder approval of the issue of securities under the Incentive Plan for the purposes of Listing Rule 7.2 (Exception 13).

This is the first time the Company is seeking Shareholder approval in relation to the Incentive Plan and to date no securities or rights have been issued or granted under the Incentive Plan.

### **7.2 Applicable ASX Listing Rules**

Listing Rule 7.1 limits the number of securities a listed company may issue in any 12-month period without shareholder approval. However, securities issued pursuant to an exception to Listing Rule 7.1 are not counted for the purposes of the limit.

Listing Rule 7.2 (Exception 13) provides that shareholders may approve the issue of Equity Securities under an employee incentive scheme as an exception to Listing Rule 7.1. If such approval is obtained, Listing Rule 7.1 does not apply to an issue of Equity Securities in the listed company made under an employee incentive scheme within three years of the date of the approval.

If Resolution 6 is passed, the Company will be able to issue equity securities under the Plan without further Shareholder approval and without those securities being included in the calculation of the Company's 15% placement capacity under Listing Rule 7.1 for a period of 3 years from the date Resolution 6 is passed.

If Resolution 6 is not passed, future grants of equity securities under the Employee Incentive Plan will be included in the calculation of the Company's 15% placement capacity under Listing Rule 7.1. In that scenario the Board may need to consider alternative remuneration arrangements which are consistent with the Company's remuneration principles, including providing an equivalent cash long term incentive subject to the risk of forfeiture, performance conditions and performance period.

### **7.3 Objectives of the Incentive Plan**

The objectives of the Incentive Plan are to:

- (a) establish a method by which eligible persons can participate in the future growth and profitability of the Company;
- (b) provide an incentive and reward for eligible participants for their contributions to the Company;
- (c) attract and retain a high standard of managerial and technical personnel for the benefit of the Company; and
- (d) align the interests of eligible participants more closely with the interests of Shareholders, by providing an opportunity for eligible participants to hold an equity interest in the Company.

#### 7.4 Maximum number of securities proposed to be issued under Plan

The maximum number of securities proposed to be issued under the Employee Incentive Plan within the three-year period from the date of the passing of Resolution 6 is 4,376,330 Equity Securities, representing 5% of the undiluted Shares in the Company as at 1 November 2021 (4,376,330,428 Shares), divided by 50, i.e. assuming the Consolidation has taken effect. The maximum number is not intended to be a prediction of the actual number of securities to be issued under the Employee Incentive Plan, simply a ceiling for the purposes of Listing Rule 7.2 Exception 13(b).

At the Company's General Meeting to be held on 15 November 2021 (**General Meeting**), the Company is proposing to seek Shareholder approval for the Company to undertake a consolidation of the number of Shares on issue on the basis that every fifty (50) Shares held will be consolidated into one (1) Share. The Consolidation is described in the Notice of General Meeting issued on 14 October 2021 and available at <https://www.hotchili.net.au/investors/>.

#### 7.5 Previous issues under the Employee Incentive Plan

Since Shareholder approval of the Employee Incentive Plan at the Company's 2018 annual general meeting, the following Equity Securities have been issued to employees under the Plan:

- (a) 12,000,000 Options exercisable at \$0.07 each and expiring 19 December 2021; issued on 19 December 2018; these Options will be adjusted to 240,000 Options exercisable at \$3.50 each if the Consolidation is approved and takes effect;
- (b) 75,000,000 Performance Rights granted on 4 September 2020 (of which 15,000,000 have since been cancelled due to resignation of the relevant employee);
- (c) 5,000,000 Performance Rights granted on 4 November 2020; and
- (d) 35,000,000 Performance Rights granted on 20 September 2021.

The 100,000,000 Performance Rights presently granted under the Employee Incentive Plan will be adjusted as follows if the Consolidation is approved and takes effect:

<b>Class of Performance Right and key vesting condition (as adjusted)</b>	<b>Pre-Consolidation number of Performance Rights</b>	<b>Post-Consolidation number of Performance Rights</b>
<b>Class A Performance Rights:</b> The price of Shares traded on ASX is greater than \$3.00 per Share for 15 consecutive trading days or more before 31 July 2023.	33,333,333	666,667
<b>Class B Performance Rights:</b> The price of Shares traded on ASX is greater than \$4.00 per Share for 15 consecutive trading days or more before 31 July 2023.	33,333,332	666,666
<b>Class C Performance Rights:</b> The Company announcing to ASX global independently estimated JORC compliant resources at the Cortadera Project and surrounding satellite projects, excluding currently reported resources at Productora, of 750 Mt at 0.5% Cu equivalent or greater (within 0.2% CuEq grade envelope or higher as deemed appropriate in the independent resource estimate) before 31 July 2023.	33,333,335	666,667
<b>Total</b>	<b>100,000,000</b>	<b>2,000,000</b>

## 7.6 Summary of terms of Incentive Plan

### (a) Eligibility

The following persons can participate in the Incentive Plan if the Board makes them an offer to do so:

- (i) a full-time or part-time employee, including an executive and non-executive Director of the Company or its related bodies corporate;
- (ii) a contractor of the Company or its related bodies corporate;
- (iii) a casual employee of the Company or its related bodies corporate where the employee or contractor is, or might reasonably be expected to be, engaged to work the pro-rata equivalent of 40% or more of a comparable full-time position; and
- (iv) a person to whom an offer of Awards has been made, but whose acceptance of the Offer is conditional upon the person becoming one of the above.

### (b) Board discretions

The Board has broad discretions under the Incentive Plan, including (without limitation) as to:

- (i) the timing of making an offer to participate in the Incentive Plan;
- (ii) identifying persons eligible to participate in the Incentive Plan;
- (iii) the terms of issue of Awards (including vesting conditions, performance hurdles and exercise conditions if any); and
- (iv) the periods during which Awards may be exercised.

### (c) 5% Limit

The Plan has been prepared to comply with ASIC Class Order [CO 14/1000] and as such, offers under the Plan are limited to the 5% capital limit set out in that Class Order.

### (d) Exercise price

The Exercise Price of an Award will be the price determined by the Board in its absolute discretion prior to or on grant of the Award.

### (e) Awards not to be quoted

The Awards will not be quoted on the ASX. However, application will be made to ASX for official quotation of Shares issued upon the exercise of Awards, if the Shares are listed on ASX at that time.

### (f) Shares issued on exercise of Awards

Subject to any applicable vesting conditions, performance hurdles and exercise conditions:

- (i) each Option entitles the holder to subscribe for and be issued with one Share; and
- (ii) each Performance Right entitles the holder to subscribe for and be issued with one Share.

Shares issued pursuant to the exercise of Awards will in all respects rank equally and carry the same rights and entitlements as other Shares on issue.



Holders of Awards have no rights to vote at meetings of the Company or receive dividends until Shares are allotted on the exercise of Awards pursuant to the Incentive Plan.

**(g) Lapse of Awards**

Unless the Directors in their absolute discretion determine otherwise, Awards will automatically lapse and be forfeited if, prior to the satisfaction of an exercise condition or vesting condition:

- (i) the holder resigns employment or terminates engagement with the Company;
- (ii) the holder is dismissed from employment or engagement with the Company for:
  - A. material breach of contract or negligence; or
  - B. conduct justifying termination without notice;
- (iii) the holder ceases employment or engagement with the Company and breaches any post-termination restraint;
- (iv) the holder is ineligible to hold his or her office pursuant to the Corporations Act; or
- (v) any performance milestones applicable to the Awards are not satisfied – if a portion are satisfied, then a proportionate number of Awards may continue at the Board's discretion.

Awards will not lapse and be forfeited if the holder ceases employment or engagement with the Company:

- (i) due to:
  - A. death or permanent disablement;
  - B. retirement; or
  - C. redundancy; or
- (ii) where the Board determines that the Awards continue.

**(h) Restrictions on disposal**

An Award holder is not able to sell, transfer, mortgage, pledge, charge, grant security over or otherwise dispose of any Awards, or agree to do any of those things, without the prior consent of the Board or unless such disposal is required by law.

**(i) Participation rights of Award holders**

Holders of Options and Performance Rights will only be permitted to participate in an issue of new Shares by the Company if they exercise their Options or Performance Rights (as applicable) before the record date for the relevant issue. The Company must ensure that, for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue of new Shares is announced. This will give Option holders and Performance Right holders the opportunity to exercise their Options or Performance Rights prior to the date for determining entitlements to participate in any such issue.

**(j) Adjustment of Awards**

- (i) If the Company makes a pro rata bonus issue, and an Option or Performance Right is not exercised before the record date for that bonus issue, then on exercise of the Option or Performance Right (as applicable), the holder is entitled to receive the number of bonus shares which would have been issued if the Option or Performance Right had been exercised before the record date.

- (ii) In the event of a reorganisation (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Awards to which each Award holder is entitled or the exercise price or both will be changed in the manner required by the Listing Rules and, in any case, in a manner which will not result in any benefits being conferred on holders of Awards which are not conferred on Shareholders.

(k) **Takeovers**

In the event of a takeover bid, certain capital reorganisations, or transactions occurring that give rise to certain changes of control of the Company, restrictions on the exercise of an Award may lapse so that Award holders are able to participate in the relevant transaction.

(l) **Tax deferral**

Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth), which enables tax deferral on Awards offered under the Incentive Plan (subject to the conditions in that Act), may apply to Awards granted under the Incentive Plan.

(m) **Amending the Incentive Plan**

Subject to and in accordance with the Listing Rules, the Board (without the necessity of obtaining prior or subsequent consent of Shareholders) may from time to time amend all or any provisions of the Incentive Plan.

## 7.7 **Directors' recommendation**

The Directors decline to make a recommendation as to how Shareholders should vote in respect of Resolution 6 as they are each entitled to participate in the Incentive Plan.

## 8. **Resolution 7: Approval of Additional Placement Facility**

### 8.1 **Background**

Resolution 7 seeks Shareholder approval for an additional issuing capacity under ASX Listing Rule 7.1A (**Additional Placement Facility**).

If approved, Resolution 7 would enable the Company to issue additional Equity Securities (calculated below) over a 12-month period without obtaining Shareholder approval.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without approval of its shareholders over any 12-month period to 15% of the fully-paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 15%.

An "eligible entity" means an entity which is not included in the S&P/ASX 300 index and which has a market capitalisation of \$300 million or less. The Company is an eligible entity for these purposes.

Resolution 7 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue equity securities without Shareholder approval.

If Resolution 7 is passed, the Company will be able to issue equity securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 7 is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1.

## 8.2 Information on Additional Placement Facility

### (a) Quoted securities

Any Equity Securities issued under the Additional Placement Facility must be in the same class as an existing class of Equity Securities of the Company that are quoted on ASX.

As at the date of this Notice, the Company has one class of Equity Securities quoted on ASX, being its fully-paid ordinary Shares.

### (b) Formula for Additional Placement Facility

If this Resolution 7 is passed, the Company may issue or agree to issue, during the 12-month period after this Meeting, the number of Equity Securities calculated in accordance with the following formula.

$$\text{Additional Placement Capacity} = (A \times D) - E$$

where:

A = the number of fully-paid ordinary securities on issue at the commencement of the relevant period:

- plus the number of fully-paid ordinary securities issued in the relevant period under an exception in ASX Listing Rule 7.2 other than exception 9, 16, or 17;
- plus the number of fully-paid ordinary securities issued in the relevant period on the conversion of convertible securities within rule 7.2 exception 9 where:
  - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
  - the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved under Listing Rule 7.1 or 7.4;
- plus the number of fully-paid ordinary securities issued in the relevant period under an agreement to issue securities within rule 7.2 exception 16 where:
  - the agreement was entered into before the commencement of the relevant period; or
  - the agreement or issue was approved, or taken under the Listing Rules to have been approved under Listing Rule 7.1 or 7.4;
- plus the number of fully-paid ordinary securities issued in the relevant period with approval under Listing Rule 7.1 or ASX Listing Rule 7.4;
- plus the number of partly-paid ordinary securities that became fully-paid in the relevant period;
- less the number of fully-paid ordinary securities cancelled in the relevant period;

D = 10%; and

E = the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by Shareholders under Listing Rule 7.4.

### 8.3 ASX Listing Rule requirements

In accordance with Listing Rule 7.3A, the following information is provided in relation to the proposed approval of the Additional Placement Facility:

(a) **Period for which the approval will be valid**

The Additional Placement Facility would commence on the date of the Meeting and expire on the first to occur of the following:

- the date that is 12 months after this Meeting (i.e. 14 December 2022);
- the time and date of the Company's next annual general meeting; or
- the time and date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

(b) **Minimum price at which equity securities may be issued**

Any Equity Securities issued under the Additional Placement Facility must be in an existing quoted class of the Company's securities and issued for cash consideration per security which is not be less than 75% of the VWAP for securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the securities are to be issued is agreed; or
- if the securities are not issued within 10 trading days of the above date, the date on which the securities are issued.

(c) **Purposes for which the funds raised by an issue of equity securities may be used**

The Company may seek to issue Equity Securities under the Additional Placement Facility for cash consideration to fund business growth (including in relation to development of the Company's business), to acquire new assets or make investments, to develop the Company's existing assets and operations, and for general working capital.

(d) **Risk of economic and voting dilution**

If Resolution 7 is passed and the Company issues securities under the Additional Placement Facility, there will be a risk to existing Shareholders of economic and voting dilution, including the risk that:

- (a) the market price for Equity Securities in the same class may be significantly lower on the issue date of the new Equity Securities than on the date of this Meeting; and
- (b) the new Equity Securities may be issued at a price that is at a discount to the market price for Equity Securities in the same class on the issue date.

The table below identifies the potential dilution to existing Shareholders following the issue of Equity Securities under the Additional Placement Facility (based on the formula set out above) using different variables for the number of issued Shares and the market price of Shares.

At the Company's General Meeting to be held on 15 November 2021 (**General Meeting**), the Company is proposing to seek Shareholder approval for the Company to undertake a consolidation of the number of Shares on issue on the basis that every fifty (50) Shares held will be consolidated into one (1) Share. The Consolidation is described in the Notice of General Meeting issued on 14 October 2021 and available at <https://www.hotchili.net.au/investors/>.

The Consolidation is expected to take effect on 15 November 2021, i.e. before the Annual General Meeting, and the following information is provided on the basis and expectation that the Consolidation will take effect, resulting in:

- (a) the total number Share on issue as at the date of this Notice, decreasing by a factor of 50, from 4,370,972,524 Shares to 87,419,450 Shares (assuming no new Shares are issued in the interim); and
- (b) an increase in the market price per Share traded on ASX; as at 10 November 2021, being the latest practicable date prior to the issue of this Notice, the market price of Shares traded on ASX was \$0.045.

The numbers are calculated on the basis of the latest available market price of Shares before the date of this Notice and the current number of Shares on issue on a pre-Consolidation basis and multiplied by 50, on the assumption that the Consolidation is approved by Shareholders and takes effect.

Variable A in Listing Rule 7.1A		Nominal issue price (pre-Consolidation price / \$price x 50)		
		\$0.045 / \$2.25 (latest available market price)	\$0.03375 / \$1.6875 (25% decrease in market price)	\$0.0225 / \$1.125 (50% decrease in market price)
<b>Current issued capital</b> <b>A =</b> <b>4,370,972,524</b> <b>Shares (pre-Consolidation);</b> <b>87,419,450</b> <b>(post-Consolidation)</b>	<b>New Shares issued under LR 7.1A (10% voting dilution)</b>	437,097,252 / 8,741,945	437,097,252 / 8,741,945	437,097,252 / 8,741,945
	<b>Funds raised</b>	\$19,669,376	\$14,752,032	\$9,834,688
<b>50% increase in issued capital</b> <b>A =</b> <b>6,556,458,786</b> <b>Shares (pre-Consolidation);</b> <b>131,129,175</b> <b>(post-Consolidation)</b>	<b>New Shares issued under LR 7.1A (10% voting dilution)</b>	655,645,878 / 13,112,917	655,645,878 / 13,112,917	655,645,878 / 13,112,917
	<b>Funds raised</b>	\$29,504,063	\$22,128,047	\$14,752,032
<b>100% increase in issued capital</b> <b>A =</b> <b>8,741,945,048</b> <b>Shares (pre-Consolidation);</b> <b>174,838,900</b> <b>(post-Consolidation)</b>	<b>New Shares issued under LR 7.1A (10% voting dilution)</b>	874,194,504 / 17,483,890	874,194,504 / 17,483,890	874,194,504 / 17,483,890
	<b>Funds raised</b>	\$39,338,752	\$29,504,064	\$19,669,376

**Notes:** The above table has been prepared on the following bases/assumptions:

1. The proposed Consolidation of the Company's issued Shares is approved by Shareholders at the Company's General Meeting to be held on 15 November 2021 and the Consolidation takes effect, which will result in a reduction of the total number of Shares on issue by a factor of 50.
2. The latest available market price of Shares as at the date of the Notice was \$0.45 on 10 November 2021.

3. The Company issues the maximum number of Equity Securities available under the Additional Placement Facility.
4. Existing Shareholders' holdings do not change from the date of this Meeting to the date of the issue under the Additional Placement Facility.
5. The Company issues Shares only and does not issue other types of Equity Securities (such as Options) under the Additional Placement Facility.
6. The impact of additional issues of securities under ASX Listing Rule 7.1 or following the exercise of options is not included in the calculations.

(e) **Allocation policy**

The Company's allocation policy for the issue of Equity Securities under the Additional Placement Facility will depend on the prevailing market conditions at the time of the proposed issue. The allottees will be determined on a case-by-case basis having regard to the factors such as:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing Security holders can participate;
- (ii) the effect of the issue of the new securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate and other advisors.

As at the date of this Notice, the Company has not identified any proposed allottees of Equity Securities using the Additional Placement Facility. However, the eventual allottees may include existing substantial Shareholders, other Shareholders and/or new investors.

None of the allottees will be a related party or an associate of a related party of the Company, except as permitted under ASX Listing Rule 7.2. Existing Shareholders may or may not be entitled to subscribe for Equity Securities under the Additional Placement Facility and it is possible that their shareholding will be diluted.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities under the Additional Placement Facility.

(f) **Previous issues under Listing Rule 7.1A in previous 12 months**

The Company made one issue pursuant to Listing Rule 7.1A during the 12 months prior to the Meeting, on 25 May 2021, which had the following characteristics:

Date of Issue	Number of Equity Securities	Class of Equity Securities and summary of terms	Names of recipients or basis on which recipients determined	Issue price of Equity Securities and discount to Market Price on the trading day prior to the issue	If issued for cash – the total consideration, what it was spent on and the intended use of any remaining funds If issued for non-cash consideration – a description of the consideration and the current value of the consideration
4-Dec-20	243,931,995	Fully paid shares	Professional and sophisticated investors as arranged by the lead manager to the placement, Veritas Securities	\$0.042 issue price being a discount of 7% to market price of \$0.045 on 3-Dec-2020	\$10,245,144 funds raised and applied to US\$10m payment to SCM Carola to acquire Cortadera and drilling at Cortadera. 100% of funds raised have been applied.
12-Aug-21	310,819,632	Fully paid shares	Institutional and sophisticated investors as arranged by the lead manager to the placement, Veritas Securities, and Glencore Australia	\$0.032 issue price being a discount of 26% to market price of \$0.043 on 11-Aug-2021	\$9,946,228 funds raised and applied to US\$15m payment to SCM Carola to acquire Cortadera, US\$1.5 million payment to CMP and drilling at Cortadera. 100% of funds raised have been applied.
	<b>554,751,627</b>				

#### 8.4 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7 as it will give the Company the flexibility to raise and fund necessary working capital whilst preserving the Company's cash reserves.

## Glossary

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In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

<b>Additional Placement Capacity</b>	Has the meaning given to that term in section 8.1 of the Explanatory Statement.
<b>Annual General Meeting or Meeting</b>	The annual general meeting of Shareholders, or any resumption thereof, convened by this Notice.
<b>Annual Report</b>	The annual report of the Company for the financial year ended 30 June 2021, including the annual financial report, the Directors' report and the Auditor's report.
<b>Associate</b>	Has the meaning given to that term in the Listing Rules.
<b>ASX</b>	ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange, as the context requires.
<b>Auditor</b>	The auditor of the Company, being RSM Partners Australia at the date of this Notice.
<b>A\$ or \$</b>	Australian dollars.
<b>Blue Spec</b>	Blue Spec Drilling Pty Ltd (ACN 601 943 364).
<b>Board</b>	The board of Directors of the Company.
<b>Chairperson</b>	The chairperson of the Annual General Meeting.
<b>Closely Related Party</b>	<p>Has same meaning given to that term in section 9 of the Corporations Act, being, in relation to a member of Key Management Personnel:</p> <ul style="list-style-type: none"><li>(a) a spouse or child of the member;</li><li>(b) a child of the member's spouse;</li><li>(c) a dependent of the member or the member's spouse;</li><li>(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;</li><li>(e) a company the member controls; or</li><li>(f) a person prescribed by the <i>Corporations Regulations 2001</i> (Cth) (currently none are prescribed).</li></ul>
<b>Company or Hot Chili</b>	Hot Chili Limited (ACN 130 955 725).
<b>Company Secretary</b>	The company secretary of the Company at the time of the Meeting.
<b>Consolidation</b>	The consolidation of the Company's Shares on a 50 to 1 basis, in the manner and on the basis described in the Notice of General Meeting issued by the Company for a general meeting of Shareholder, subject to the approval of Shareholders at the meeting.
<b>Constitution</b>	The Constitution of the Company.
<b>Convertible Note</b>	Convertible notes issued by the Company on the terms set out in the Convertible Note Trust Deed dated 25 May 2017 and varied 19 June 2017 (released to ASX 21 June 2017), with a face value of \$100 each and convertible to Shares at conversion price of \$0.03333 per Share (pre-Consolidation).
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).



<b>Director</b>	A director of the Company.
<b>Equity Security</b>	Has the meaning given to that term in Listing Rule 19.12, being: <ul style="list-style-type: none"> <li>(a) a share;</li> <li>(b) a unit;</li> <li>(c) a right to a share or unit or option;</li> <li>(d) an option over an issued or unissued security;</li> <li>(e) a convertible security;</li> <li>(f) any security that ASX decides to classify as an equity security;</li> <li>(g) but not a security that ASX decides to classify as a debt security.</li> </ul>
<b>Explanatory Statement</b>	This explanatory statement which accompanies and forms part of the Notice.
<b>Glossary</b>	This glossary of terms.
<b>Incentive Plan</b>	The Incentive Plan established by the Company and governed by the Incentive Plan Rules, for which Shareholder approval is sought pursuant to Resolution 6.
<b>Interest Shares</b>	Shares issued as payment of interest pursuant to the terms of the Convertible Notes.
<b>Key Management Personnel</b>	Has the meaning given in section 9 of the Corporations Act.
<b>Listing Rules</b>	The listing rules of ASX, as amended from time to time.
<b>Non-Related Parties</b>	Persons who are not Related Parties of the Company.
<b>Noteholder</b>	A holder of a Convertible Note.
<b>Notice or Notice of Meeting</b>	The notice of Annual General Meeting which accompanies this Explanatory Statement.
<b>Option</b>	An option to subscribe for a Share.
<b>Performance Right</b>	A right to receive a Share on the satisfaction of particular performance milestones.
<b>Proxy Form</b>	The proxy form accompanying this Notice of Meeting.
<b>Related Party</b>	Has the meaning given to that term in the Listing Rules.
<b>Remuneration Report</b>	The remuneration report of the Company for the financial year ended 30 June 2021, appearing in the Annual Report.
<b>Resolution</b>	A resolution set out in the Notice.
<b>Section</b>	A section of the Explanatory Statement.
<b>Share</b>	A fully paid ordinary share in the Company.
<b>Shareholder</b>	The holder of a Share.
<b>VWAP</b>	Has the meaning given to that term in the Listing Rules.
<b>WST</b>	Australian Western Standard Time, being the time in Perth, Western Australia.

## Schedule 1 – Terms of Convertible Notes

Unless otherwise defined, capitalised terms in this Schedule 2 have the meanings given to them in the Terms and Conditions of Convertible Notes, which were announced to ASX on 21 June 2017.

<b>Face value</b>	A\$100 per Note.
<b>Conversion Price</b>	A\$0.03333 per Share (pre-Consolidation) (A\$1.6665 per Share on a post-Consolidation basis).
<b>Maturity Date</b>	20 June 2022.
<b>Security</b>	The Notes are not secured.
<b>Interest</b>	<p>8.0% calculated daily, compounded monthly and payable quarterly in arrears (<b>Interest</b>). Accrued Interest is cumulative and payable in cash or Shares at the election of the Company.</p> <p>If the Company elects to pay Interest by the issue of Shares, the number of Shares to be issued shall be calculated by dividing the amount of accrued Interest being paid by the VWAP for the five trading day period ending on the last day of the quarter for which Interest is due.</p>
<b>Redemption</b>	Notes are not be redeemable by the Company before their Maturity Date. On and after the Maturity Date, and provided the VWAP traded on ASX for the 20 consecutive trading days preceding the date on which the notice of redemption is given is not less than 300% of the Conversion Price, the Notes may be redeemed in whole or in part by the Company on not more than 60 days and not less than 30 days prior notice at A\$100 for each Note held, plus accrued and unpaid Interest.
<b>Conversion</b>	The principal amount and accrued and unpaid Interest evidenced by the Notes is convertible at the holder's option into Shares at any time prior to the earlier of the Maturity Date, and the date which is 5 business days immediately preceding the date specified for redemption by the Company at the Conversion Price, being a ratio of approximately 3,000 Shares per Note (excluding Interest) on a pre-Consolidation basis and approximately 600 Shares per Note (excluding Interest).
<b>Conversion at maturity</b>	On the Maturity Date, the principal amount and accrued and unpaid Interest evidenced by all outstanding Notes shall automatically be converted into the number of Shares obtained by dividing the Issue Price of the Notes plus accrued and unpaid Interest by 95% of the VWAP for the 10 trading day period ending on the day prior to the Maturity Date, or by the Conversion Price, whichever is lower.
<b>Bonus issues and reconstructions</b>	If there is a Bonus Issue, the Company must issue to each Noteholder, that number of Bonus Securities which the Noteholder would have been entitled to receive, by way of participation in the issue of Bonus Securities, if the Convertible Notes had been converted into Shares immediately before the issue of Bonus Securities.
<b>Ranking</b>	The Notes at all times constitute unsecured debt obligations of the Company, which together with any accrued and unpaid Interest, ranks for payment in a Winding Up of the Company, behind any secured debt of the Company, equally with all present and future subordinated and unsecured debt obligations of the Company, and ahead of all Shares.

## Negative Covenants

For so long as any of the Notes remain outstanding, the Company must not and must procure that its Subsidiaries do not without the approval of a Noteholders Resolution:

- (a) **(new debt)** incur any indebtedness for moneys borrowed or raised pursuant to any financial accommodation or agree to do so (including by entering into an indicative term sheet), except any Permitted New Debt;
- (b) **(sale of assets)** conduct or agree to conduct (including by entering into an indicative term sheet) any transaction or series of related transactions in which an entity in the Group sells significant assets or assets worth more than 10% of the Group's gross assets;
- (c) **(dividends)** declare or pay any dividends to Shareholders;
- (d) **(capital reduction)** other than in respect of the Notes, redeem, purchase, cancel, reduce, return capital on or otherwise acquire any share or other securities issued by a Shareholder of the Group for repayment or return of capital in a winding-up; or
- (e) **(Security Interests)** other than in the ordinary course of business:
  - (i) create or permit to exist a Security Interest over any of its assets or attempt or agree to do so (including by entering into an indicative term sheet), except to secure any Permitted New Debt; or
  - (ii) if the creation of a Security Interest cannot by law be restricted, create such a Security Interest over any of its assets without the holder of the Security Interest first entering into a deed of priority in form and substance acceptable to the Trustee.

## Events of default

The key events of default are:

- (a) **(non-issue of Shares)** the Company fails to issue Shares on conversion in accordance within five Business Days after the date on which such issue is to be made;
- (b) **(non-payment)** the Company fails to pay any amount payable by it under the Note Terms within 10 Business Days after the date on which it is due and, where the sole reason for the default is a technical or administrative difficulty within the banking system being used to effect payment, such default is not remedied within five Business Days;
- (c) **(breach of Negative Covenants)** a member of the Group fails to comply with a Negative Covenant (as set out above) and such failure remains unremedied for a period of 10 Business Days;
- (d) **(breach of other obligations)** the Company fails to comply with any of its other obligations under the Note Terms or any Transaction Document and such failure remains unremedied for a period of 10 Business Days after the earlier of (A) the Company receiving notice from the Trustee in respect of the failure to comply and (B) the Company becoming aware of the failure to comply;
- (e) **(insolvency)** an Insolvency Event occurs in respect of a member of the Group;
- (f) **(sale of business or main undertaking)** there is a sale of the business or the main undertaking of the Company that would require approval of Shareholders in accordance with Listing Rule 11.2;
- (g) **(delisting)** a Delisting Event occurs in respect of the Company;

	<p>(h) <b>(cessation of business)</b> a member of the Group ceases or suspends (or threatens to cease or suspend) the conduct of all of its business or a substantial part of its business;</p> <p>(i) <b>(unlawfulness)</b> at any time, it is unlawful for the Company to perform any of its payment obligations under the Notes, the Trust Deed or the Note Terms;</p> <p>(j) <b>(Government Agency)</b> all or substantially all of the assets of the Group is assumed or compulsory acquired by any Government Agency; or</p> <p>(k) <b>(vitiation)</b> all or any obligations of the Company or rights of the Noteholders or the Trustee under the Trust Deed or the Note Terms are terminated or are or become void, illegal, invalid, unenforceable or of limited force and effect.</p>
<b>Transfer</b>	The Notes are transferable.
<b>Rights of Noteholders</b>	<p>The Notes confer no rights on a Noteholder:</p> <p>(a) to vote at any meeting of Shareholders;</p> <p>(b) to subscribe for or participate in any new issue of securities by the Company; or</p> <p>(c) to otherwise participate in the profits or property of the Company, except as set out in the Note Terms or the Transaction Documents.</p>
<b>Quotation</b>	<p>The Notes are not quoted on ASX.</p> <p>The Company will apply for quotation of Shares issued on the conversion of Notes and on payment of Interest will be quoted on ASX.</p>

## Schedule 2 – Terms of ASX Waiver

### Waiver Decision - Listing Rule 7.3.4

The terms of the waiver of Listing Rule 7.3.4, as granted by ASX, are set out below.

1. Based solely on the information provided, ASX Limited (“ASX”) grants Hot Chili Limited (the “Company”) a waiver from listing rule 7.3.4 to allow the Company’s notice of annual general meeting (“Notice”) seeking shareholder approval for the issue of up to 167,090 shares in consideration for the payment of interest of 8% per annum due to unrelated parties (“Unrelated Noteholders”), payable quarterly through the issue of shares (“Interest Shares”) over the 12 month period from the date of the Company’s Annual General Meeting (“AGM”), in respect to the quarters ending on 31 December 2021 and 31 March 2022 and the period to 20 June 2022 (each a “Relevant Interest Period”), not to state that the date by which the Company will issue the Interest Shares will be no later than 3 months after the date of the AGM on the following conditions:
  - 1.1 The Interest Shares must be issued to the Unrelated Noteholders no later than:
    - 1.1.1 10 business days after the end of the Relevant Interest Period;
    - 1.1.2 30 June 2022;
  - 1.2 The Notice includes a worked example of the dilution that will occur to existing shareholders of the Company as a result of the issue of the Interest Shares at four different prices;
  - 1.3 The Notice contains a summary of the material terms of the Convertible Notes held by the Unrelated Noteholders;
  - 1.4 For any annual reporting period during which any of the Interest Shares have been issued or any of them remain to be issued, the Company’s annual report sets out in detail the number of Interest Shares issued during the reporting period, the number of Interest Shares that remain to be issued and the basis on which the Interest Shares may be issued;
  - 1.5 In any half year or quarterly report for a period during which any of the Interest Shares have been issued or remain to be issued, the Company must include a summary statement of the number of Interest Shares issued during the reporting period, and the number of Interest Shares that remain to be issued and the basis on which the Interest Shares may be issued; and
  - 1.6 The terms of the waiver are disclosed in the Notice.
2. ASX has considered listing rule 7.3.4 only and makes no statement as to the Company’s compliance with other listing rules.



Hot Chili Limited  
ABN 91 130 955 725

## Need assistance?



**Phone:**  
1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (AWST) Sunday, 12 December 2021**.

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## PARTICIPATING IN THE MEETING

### Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at [www.investorcentre.com/au](http://www.investorcentre.com/au) and select "Printable Forms".

## Lodge your Proxy Form:

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### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 186292**  
**SRN/HIN:**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark ☒ to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Hot Chili Limited hereby appoint

☐ the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Hot Chili Limited to be held at First Floor, 768 Canning Highway, Applecross, WA 6153 on Tuesday, 14 December 2021 at 11:00am (AWST) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 5 and 6 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 5 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 5 and 6 by marking the appropriate box in step 2.

## Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director – Dr Allan Trench	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Director – Mr Mark Jamieson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval to issue Interest Shares to Non-Related Parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval to issue Interest Shares to Related Party – Blue Spec Drilling Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of Issue of Securities under Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval of Additional Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

**Update your communication details** (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

HCH

2 8 2 6 5 7 A



Computershare

