



30 December 2021

Dear Shareholder

CHANGE OF DATE OF GENERAL MEETING

31 JANUARY 2022

The Board of Directors of Hot Chili Limited (the **Company**) advises that the meeting that was to be held on 28 January 2022, will now be held on Monday **31 January 2022**.

The only change to the Notice is to change the date of the meeting and the date for entitlement to vote at the meeting. Nothing else with regard to the meeting has changed.

Notice of Meeting

In accordance with the relevant legislation, the Company will not be dispatching physical copies of the notice of the general meeting (**Notice**). An updated 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/>.

You will not have to complete and deliver or submit a new Proxy Form as your votes will be exercised in accordance with the directions you have given.

Voting

All resolutions at the general meeting will be decided on a poll.

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

To vote by proxy, please use one of the following methods:

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

Your proxy instructions must be received not later than 48 hours before the commencement of the general meeting, being 11.00am (WST) on 29 January 2022. Proxy Forms received later than

Hot Chili Limited
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www.hotchili.net.au



this time will be invalid. Shareholders who wish to participate and vote at the general meeting 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.

Questions

Shareholders will be able to ask questions at the general meeting.

Shareholders are also encouraged to submit questions in advance of the general meeting to the Company. Questions must be submitted by email to admin@hotchili.net.au or in writing to the Company's office by 5.00pm (WST) on Monday 24 January 2022.

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 General Meeting,
Explanatory Statement and Proxy Form**

General Meeting to be held at

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

On Monday, 31 January 2022 at 11.00am (WST)

Important Notice

The Notice of 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 Saturday, 29 January 2022
Snapshot date for eligibility to vote	11.00am (WST) on Saturday, 29 January 2022
General Meeting	11:00am (WST) on Monday, 31 January 2022

Defined terms

Capitalised terms used in this Notice of 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 General Meeting

Notice is hereby given that a General Meeting of Hot Chili Limited ACN 130 955 725 (**Company**) will be held at **First Floor, 768 Canning Highway, Applecross, Western Australia** on **Monday, 31 January 2022 at 11:00am (WST)** for the purpose of transacting the business referred to in this Notice of General Meeting.

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

AGENDA

Resolution 1 - Ratification of issue of 12,812,541 Shares to Tranche 1 Placement Participants under Listing Rule 7.1

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 7.4 and for all other purposes, Shareholders ratify and approve the issue by the Company of 12,812,541 Shares, issued at a price of C\$1.55 each to Tranche 1 Placement Participants within the Company’s issuance capacity under Listing Rule 7.1, in the manner and on the terms and conditions set out in the Explanatory Statement.”

Resolution 2 - Ratification of issue of 8,754,745 Shares to Tranche 1 Placement Participants under Listing Rule 7.1A

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 7.4 and for all other purposes, Shareholders ratify and approve the issue by the Company of 8,754,745 Shares, issued at a price of C\$1.55 each to Tranche 1 Placement Participants within the Company’s issuance capacity under Listing Rule 7.1A, in the manner and on the terms and conditions set out in the Explanatory Statement.”

Resolution 3 - Approval to issue Placement Warrants to Tranche 1 Placement Participants (non-Related Parties)

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 7.1 and for all other purposes, Shareholders approve the issue by the Company of 10,783,643 Warrants, each exercisable at C\$2.50 on or before 31 January 2024, to Tranche 1 Placement Participants, in the manner and on the terms and conditions set out in the Explanatory Statement.”

Resolution 4 - Approval to issue Tranche 2 Placement Securities to Blue Spec Sondajes SpA (a Related Party)

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 10.11 and for all other purposes, Shareholders approve the issue by the Company of 232,714 Tranche 2 Placement Shares at an issue price of C\$1.55 each, and 116,357 Warrants each exercisable at C\$2.50 on or before 31 January 2024, to Blue Spec Sondajes SpA, a Related Party of the Company, under the Tranche 2 Placement, in the manner and on the terms and conditions set out in the Explanatory Statement.”

Resolution 5 - Approval to issue Underwriter Options to Underwriters to Placement

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 7.1 and all other purposes, Shareholders approve the issue by the Company of a total of 1,259,789 Underwriter Options, each exercisable at C\$1.85 on or before 31 January 2025, to the Underwriters and/or their respective nominee(s), as a fee for arranging and managing the Placement and acting as Underwriter to the Placement, in the manner and on the terms and conditions set out in Schedule 1 of this Notice of Meeting and the Explanatory Statement.”

By order of the Board

Mr Lloyd Flint
Company Secretary
24 December 2021

Voting Exclusions

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.

Resolution	Excluded Parties
Resolution 1	The Tranche 1 Placement Participants, being the persons to whom Tranche 1 Placement Shares were issued.
Resolution 2	The Tranche 1 Placement Participants, being the persons to whom Tranche 1 Placement Shares were issued.
Resolution 3	The Tranche 1 Placement Participants, and any other person 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).
Resolution 4	Blue Spec Sondajes SpA, and any other person 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).
Resolution 5	The Underwriters (IAPW and Cormark Securities), any nominee of an Underwriter who may be granted Underwriter Options, and any other person 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).

However, this does not apply to a vote cast in favour of the above Resolutions by:

- the person as proxy or attorney for a person who is entitled to vote on a Resolution, in accordance with directions given to the proxy or attorney to vote on a Resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on a Resolution, in accordance with a direction given to the chair to vote on a Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary providing 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 a Resolution; and
 - the holder votes on a Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Proxy Appointment and Voting Instructions

Proxy Form

The Proxy Form (and any power of attorney or other authority, if any, under which it is signed) must be received at an address below by **11:00am (WST) on Saturday, 29 January 2022**, being not later than 48 hours before the commencement of the Meeting. A Proxy Form received after that time will not be valid.

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

If you wish to appoint the Chairperson as your proxy, 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 **11.00am (WST) on Saturday, 29 January 2022**. 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 and must be received be submitted by no later than **5.00pm (WST) on Monday, 24 January 2022**.

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

Explanatory Statement

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

This Explanatory Statement should be read in conjunction with the Notice of General Meeting.

Capitalised terms in this Explanatory Statement are defined in the Glossary or otherwise in the Explanatory Statement.

References to A\$ equivalents to C\$ have been stated at an exchange rate of A\$1.00:C\$0.9111 being the A\$ exchange rate for C\$ published by the Reserve Bank of Australia on 14 December 2021.

1. Background to the Resolutions

1.1 Placement

On 10 December 2021 and 23 December 2021, the Company announced that it had successfully arranged a C\$33.79 million (before costs; equivalent to A\$37.09 million) capital raising by the private placement of 21,800,000 ordinary shares in the Company (**Placement Shares**), at an issue price of C\$1.55 per Placement Share.

The Placement participants comprise:

- (a) various institutional and accredited investors in the United States, Canada, Australia and overseas as arranged by independent broking firms iA Capital Markets and Cormark Securities Inc. of Canada, as co-lead underwriter to the Placement;
- (b) Glencore Australia as a strategic investor in the Company; Glencore will retain a 9.96% shareholding interest in the Company on completion of the Placement; and
- (c) Blue Spec Sondajes SpA, which is a company associated with the Company's Chairman, Mr Murray Black, and therefore a Related Party of the Company.

The Placement has been and will be conducted in the following tranches:

- (a) **Tranche 1 Placement:** the placement and issue of 21,567,286 Shares to Tranche 1 Placement Participants (all of whom are non-Related Parties of the Company) at an issue price of C\$1.55 each, raising approximately C\$33.43 million (before costs);
- (b) **Placement Warrants to Tranche 1 Placement Participants:** the issue of 10,783,643 Placement Warrants to Tranche 1 Placement Participants, subject to Shareholder approval of the issue of the Placement Warrants; and
- (c) **Tranche 2 Placement:** a proposed issue of a total of 232,714 Shares at an issue price of C\$1.55 each and 116,357 Placement Warrants to Blue Spec Sondajes SpA, a Related Party of the Company, subject to Shareholder approval of the issue.

The Tranche 1 Placement Shares were issued by the Company on 22 December 2021 using its issuing capacities under Listing Rules 7.1 and 7.1A. Subsequent ratification of this issue by Shareholders is sought under Resolutions 1 and 2.

The issue of the Tranche 2 Placement Shares to non-Related Parties is subject to Shareholder approval of Resolution 3.

The issue of the Tranche 2 Placement Securities to Blue Spec is subject to Shareholder approval of Resolution 4.

The Company engaged the Underwriters to arrange and manage the Placement.

1.2 Use of funds raised under the Placement

It is intended that the total funds raised from the Placement (C\$33.79 million; equivalent to approximately A\$37.09 million) will be used for the following purposes:

Use	C\$	A\$ (approx.)
Property payments	1,135,000	1,246,000
Environmental costs – Costa Fuego Project	265,000	291,000
Cortadera resource development drilling	9,825,000	10,784,000
Regional targets drilling and assaying	10,800,000	11,854,000
Cortadera geotechnical and metallurgical drilling and assaying	1,700,000	1,866,000
Development studies – mining, metallurgy, geotechnical and environmental	4,685,000	5,142,000
Costs of the Placement	2,627,400	2,884,000
Working capital	2,752,600	3,021,000
Total	C\$33,790,000	A\$37,088,000

The intended use of funds as stated in the table above reflects the Company's intentions as at the Notice Date. The actual use of funds may differ from the stated intentions depending on developments, exploration results and circumstances arising after the Meeting.

2. Resolutions 1 and 2- Ratification of issue of Tranche 1 Placement Shares to Placement Participants

2.1 Requirement for Shareholder approval

As described in Section 1.1 above, the Company has issued a total of 21,567,286 Shares under the Placement to institutional, professional and sophisticated investors using its issuing capacity under Listing Rules 7.1 and 7.1A.

Resolutions 1 and 2 are ordinary resolutions seeking approval by Shareholders of the ratification of the issue of 21,567,286 Shares under the Tranche 1 Placement.

None of the Tranche 1 Placement Participants are Related Parties of the Company.

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.

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%. The Company obtained such approval at the Company's 2021 Annual General Meeting held on 14 December 2021.

The issue of the Placement Shares does not fall within any of the exceptions to Listing Rule 7.1 and, as it has not yet been approved by the Company's Shareholders, it effectively uses up the 15% limit in Listing Rule 7.1 and part of the 10% limit in Listing Rule 7.1A, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12-month period from the issue date of the Placement Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have

been approved under Listing Rule 7.1 (or Listing Rule 7.1A as applicable) and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under Listing Rules 7.1 and 7.1A

Purpose and effect of Resolution 1

Resolution 1 seeks Shareholder approval to the issue of 12,812,541 Tranche 1 Placement Shares under Listing Rule 7.1 for the purposes of Listing Rule 7.4.

If Resolution 1 is passed, the issue of 12,812,541 Tranche 1 Placement Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12-month period following the issue date.

If Resolution 1 is not passed, the issue of 12,812,541 Tranche 1 Placement Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12-month period following the issue date.

Purpose and effect of Resolution 2

Resolution 2 seeks Shareholder approval to the issue of 8,754,745 Tranche 1 Placement Shares under Listing Rule 7.1A for the purposes of Listing Rule 7.4.

If Resolution 2 is passed, the issue of 8,754,745 Tranche 1 Placement Shares will be excluded in calculating the Company's 10% limit in Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without Shareholder approval before 14 December 2022 (being the date 12-months after the Company's 2021 Annual General Meeting at which the Company's additional 10% placement capacity under Listing Rule 7.1A was approved).

If Resolution 2 is not passed, the issue of 8,754,745 Tranche 1 Placement Shares will be included in calculating the Company's remaining capacity under Listing Rules 7.1 and 7.1A (being 317,577 equity securities), effectively decreasing the number of equity securities it can issue without Shareholder approval before 14 December 2022.

2.2 Listing Rule information requirements

In accordance with the disclosure requirements of Listing Rule 7.5, the following information is provided in relation to Resolutions 1 and 2:

(a) Basis on which Placement Participants were identified

Placement Shares were issued to Tranche 1 Placement Participants, being various institutional, professional and sophisticated investors identified by the Underwriters and the Company.

Each Tranche 1 Placement Participant is a sophisticated or professional investor within the meaning of section 708(8), (10) or (11) of the Corporations Act, being an investor to whom securities may be issued without a prospectus or other disclosure document.

A substantial Shareholder, Glencore Australia, participated in the Placement by acquiring 2,177,820 Shares, to retain an interest of approximately 9.97% of the total Shares on issue (109,116,736 Shares) on completion of the Tranche 1 Placement.

None of the other Tranche 1 Placement Participants are Related Parties, key management personnel or advisers of the Company or substantial holders of Shares (i.e. no other Tranche 1 Placement Participant has a relevant interest in Shares of 5% or more of the total Shares on issue), or Associates of any such persons.

(b) The number and class of securities issued

Under the Tranche 1 Placement, the Company issued 21,567,286 Shares.

12,812,541 Shares were issued within the Company's 15% placement capacity under Listing Rule 7.1.

8,754,745 Shares were issued within the Company's additional 10% placement capacity under Listing Rule 7.1A.

All Tranche 1 Placement Shares were fully paid ordinary shares in the Company which rank equally with all other Shares on issue.

(c) The date on which the securities were issued

The Tranche 1 Placement Shares were issued by the Company on 22 December 2021.

(d) The price at which the securities were issued

The Tranche 1 Placement Shares were issued at C\$1.55 each to raise approximately C\$33.43 million (before costs), equivalent to approximately A\$36.69 million at an exchange rate of C\$0.9111:A\$1.00 as at 14 December 2021.

The issue price is equivalent to A\$1.70 per Share at an exchange rate of C\$0.9111:A\$1.00 as at 14 December 2021.

(e) The purpose of the issue, including use or intended use of the funds raised

The purpose of the Placement is to raise capital. The Company intends to use the funds from the issue of the Placement Shares for the purposes described in Section 1.2.

(f) If the securities were or will be issued under an agreement, a summary of any other material terms of the agreement

The Tranche 1 Placement Shares were issued under commitments provided to the Underwriters and, in respect of some of the Tranche 1 Placement Shares, pursuant to share subscription agreements between the Company and the relevant Placement Participant which provide for:

- (i) the Placement Participant's agreement to subscribe for the Placement Shares at C\$1.55 per Share;
- (ii) payment of the issue price of the Tranche 1 Placement Shares to the Company before the Tranche 1 Placement Shares were issued; and
- (iii) the Company's agreement to issue the Tranche 1 Placement Shares following receipt of the issue price.

2.3 Directors' recommendations – Resolutions 1 and 2

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1 as it will refresh the Company's issuing capacity under Listing Rule 7.1 and give the Company the flexibility to raise additional working capital through the offer and issue of equity securities, if and as required.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2 as it will refresh the Company's issuing capacity under Listing Rule 7.1A and give the Company the flexibility to raise additional working capital through the offer and issue of equity securities, if and as required.

3. Resolution 3 – Approval to issue Placement Warrants to non-Related Party investors

3.1 Requirement for Shareholder approval

The Company proposes to issue up to 10,783,643 Placement Warrants to the investors who were Tranche 1 Placement Participants and who are not Related Parties to the Company.

Each Placement Warrant is exercisable to one Share at C\$2.50 per Warrant and expires on 31 January 2024.

In arranging the Placement, the Company has undertaken to the Tranche 1 Placement Participants to issue the Placement Warrants, subject to Shareholder approval of the issue of the Placement Warrants.

Resolution 3 is an ordinary resolution seeking approval by Shareholders for the proposed issue of 10,783,643 Placement Warrants.

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 Placement Warrants does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires approval of the Company's Shareholders under Listing Rule 7.1.

To that end, Resolution 3 seeks the required Shareholder approval for the issue under and for the purposes of Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to proceed with the issue of Placement Warrants to Tranche 1 Placement Participants, and the Company will potentially raise up to approximately C\$26.96 million (equivalent to approximately A\$29.59 million) on the exercise of Placement Warrants if all Placement Warrants are exercised before their expiry date. In addition, the issue 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 3 is not passed, the Company will not be able to proceed with the issue of Tranche 2 Placement Warrants and consequently, the Company will not potentially raise approximately C\$26.96 million on the exercise of Tranche 1 Placement Warrants.

3.2 Listing Rule information requirements

In accordance with the disclosure requirements of Listing Rule 7.3, the following information is provided in relation to Resolution 3:

(a) Names of persons being issued securities or basis on which they were identified

The Placement Warrants are proposed to be issued to Tranche 1 Placement Participants, being various professional and sophisticated investors identified by the Underwriters and the Company.

The Placement Participants include Glencore Australia, who was issued 2,177,820 Shares and will be issued 1,088,910 Warrants if Resolution 3 is approved; Glencore is a substantial Shareholder of the Company holding 9.98% of the total Shares on issue following completion of the issue of the Tranche 1 Placement Shares.

- (i) except for Glencore Australia, none of the other Tranche 1 Placement Participants who is:
- (i) a Related Party of the Company;
- (ii) a member of key management personnel;

- (iii) a substantial Shareholder in the Company;
- (iv) an advisor of the Company; or
- (v) an associate of any of the above,

was issued or will be issued with more than 1,091,167 Shares and Warrants under the Placement (being 1% of the total number of 109,116,736 Shares on issue as at the Notice Date).

(b) **Number and class of securities**

Subject to approval of Resolution 3, 10,783,643 Warrants will be issued to the Tranche 1 Placement Participants who are not Related Parties of the Company.

(c) **Material terms of Placement Warrants**

The Placement Warrants are exercisable at C\$2.50 each on or before 31 January 2024. Each Placement Warrant is exercisable into one Share that ranks equally with all existing Shares on issue.

A summary of the terms of the unlisted Placement Warrants is set out in Schedule 1.

The Placement Warrants will not be quoted on ASX or the TSXV.

(d) **Date of issue**

The Company anticipates that the Placement Warrants will be issued on one date shortly following the conclusion of the Meeting, otherwise, no later than 3 months after the date of the Meeting.

(e) **Issue price of Placement Shares**

The Placement Warrants will be issued at nil issue price per Warrant.

(f) **Purpose of the issue and use funds raised**

The Company will not raise any funds on the issue of the Placement Warrants.

The Company will raise up to a total of approximately C\$26.96 million (equivalent to approximately A\$29.59 million) on the exercise of Placement Warrants if all Placement Warrants are exercised before their expiry date.

Refer to Sections 1.1 and 1.2 which sets out the purpose of the Placement and the issue of Placement Warrants.

3.3 **Directors' recommendations**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3 as it will enable the Company to raise approximately C\$26.96 million in funds for the Company if the Placement Warrants are issued and all are exercised prior to their expiry date.

4. **Resolution 4 - Approval to issue Tranche 2 Placement Shares to a Related Party – Blue Spec Sondajes SpA**

4.1 **Background**

The Company has entered into a subscription agreement with Blue Spec Sondajes SpA (**Blue Spec**) pursuant to which Blue Spec has agreed to subscribe for 232,714 Tranche 2 Placement Shares at C\$1.55 per Share, and 116,357 Placement Warrants, subject to Shareholder approval.

Resolution 4 is an ordinary resolution seeking Shareholder approval for the issue of 232,714 Tranche 2 Placement Shares and 116,357 Placement Warrants to Blue Spec.

Blue Spec is a Related Party of the Company as it is controlled by the Company's Non-Executive Chairman, Mr Murray Black. Mr Black is a director of Blue Spec and controls 25% of the shares in Blue Spec. Mr Black is therefore deemed to control Blue Spec under section 50AA of the Corporations Act.

As at the Notice Date, Murray Black has a relevant interest in 6,204,427 Shares (5.69% of total Shares on issue as at the Notice Date) as follows:

- (a) Blue Spec Drilling Pty Ltd (2,049,185 Shares) – Mr Black is a sole administrator and controller of 20% of this entity's shares. Mr Black controls this entity within the meaning of section 50AA of the Corporations Act;
- (b) Kalgoorlie Auto Service Pty Ltd (335,000 Shares held on trust for Mr Black) - Mr Black is the sole director and controlling shareholder of this entity; and
- (c) Blue Spec Sondajes SpA (3,820,242 Shares) - Mr Black is a director and controller of 25% of the shares in this entity. Mr Black controls this entity within the meaning of section 50AA of the Corporations Act.

Murray Black also has a relevant interest in 3,384 Convertible Notes issued by the Company.

If Resolution 4 is approved and 232,714 Tranche 2 Placement Shares are issued to Blue Spec, it is anticipated that Mr Black and the entities which he controls will hold a total of 6,437,141 Shares, representing a relevant interest in 5.89% of the total Shares expected to be on issue after completion of the Tranche 2 Placement.

4.2 Corporations Act requirements

(a) Related party financial benefit restrictions

For a public company to give a financial benefit to a Related Party of the public company, either:

- the public company must first obtain the approval of its shareholders in the manner set out in sections 217 to 227 of the Corporations Act, and give the benefit within 15 months following such approval; or
- the giving of the financial benefit must fall within a prescribed exception set out in sections 210 to 216 of the Corporations Act.

(b) Arm's length exception

Section 210 of the Corporations Act provides that shareholder approval is not required to give a financial benefit on terms that:

- would be reasonable in the circumstances if the public company and the related party were dealing at arm's length; or
- are less favourable to the related party than arm's length terms.

The Directors (other than Mr Black) consider that the subscription agreement with Blue Spec reflects arm's length terms as the agreement is for the issue of Shares and Placement Warrants at the same price per Share (C\$1.55) as Shares and Placement Warrants issued and to be issued to the Tranche 1 Placement Participants. Accordingly, the proposed issue reflects arm's length terms.

The Directors (other than Mr Black) have therefore resolved that Shareholder approval is not required for the purposes of section 208 of the Corporations Act as the exception under section 210 of the Corporations Act applies.

4.3 Listing Rule information requirements

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 Placement Shares to Blue Spec 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 the Company's Shareholders under Listing Rule 10.11.

If Resolution 4 is not passed, the Company will be unable to issue the Tranche 2 Placement Shares to Blue Spec and will therefore be unable to raise C\$360,708 in funds from the issue of these Shares.

In accordance with the disclosure requirements of Listing Rule 10.13, the following information is provided in relation to Resolution 4:

(a) The name of the related party

Blue Spec Sondajes SpA.

(b) The relationship requiring shareholder approval

Blue Spec is deemed to be controlled by the Company's Non-Executive Chairman, Mr Murray Black, and is therefore a Related Party of the Company.

(c) The maximum number of securities to be issued

The maximum number of securities to be issued to Blue Spec is:

- (i) 232,714 Tranche 2 Placement Shares; and
- (ii) 116,357 Warrants.

(d) The date by which securities will be issued

If Resolution 4 is approved, the Tranche 2 Placement Shares are proposed to be issued on or after 31 January 2022 and, in any event, on one date within 1 (one) month after the date of the Meeting (or such later date as permitted by the Listing Rules).

(e) The issue price of the securities and a statement of the terms of the issue

Tranche 2 Placement Shares to be issued to Blue Spec will be issued at C\$1.55 each to raise a total of C\$360,708 (before costs) and will be fully paid ordinary shares that rank equally with all existing Shares then on issue.

The Warrants will be issued at a nil issue price.

The Warrants are exercisable at C\$2.50 each on or before 31 January 2024. A summary of the terms of the unlisted Placement Warrants is set out in Schedule 1.

If exercised prior to expiry, the Warrants will become fully paid ordinary shares that rank equally with all existing Shares on issue.

(f) The purpose of the issue and intended use of the funds raised

The Company intends to use the funds raised from the issue of the Tranche 2 Placement Shares for the purposes set out in Section 1.2 above.

The Company will not raise any funds from the issue of the Placement Warrants.

If the Placement Warrants to be issued to Blue Spec are all exercised prior to expiry, the Company will raise up to C\$290,892 on receipt of the exercise price for the Placement Warrants and anticipates it will use those funds for working capital purposes as required at that time.

(g) Remuneration details of the Related Party

Murray Black is entitled to Directors' fees as a non-executive Chairman, being an amount of \$66,267 per annum plus statutory superannuation.

4.4 Directors' recommendation – Resolution 4

The Directors (other than Mr Black) recommend that Shareholders vote in favour of Resolution 4 to permit the Company to fulfil its obligations under the subscription agreement with Blue Spec to issue Tranche 2 Placement Shares and Placement Warrants to Blue Spec and to raise C\$360,708 in funds.

Mr Black has a material personal interest in the outcome of Resolution 4 and therefore declines to make any recommendation as to how Shareholders should vote on that Resolution.

5. Resolution 5 – Approval to issue Underwriter Options to the Underwriters

5.1 Requirement for Shareholder approval

The Company has engaged the services of IAPW and Cormark Securities to arrange, manage and underwrite the Placement as described in Sections 1.1 and 1.2.

Resolution 5 seeks Shareholder approval to issue to the Underwriters 1,259,789 Options, exercisable at C\$1.85 each and expiring on 31 January 2025 (**Underwriter Options**), as part of the fee payable by the Company to the Underwriters for underwriting the Placement.

Resolution 5 is an ordinary resolution seeking approval by Shareholders of the proposed issue of Underwriter Options to the Underwriters or their nominees.

None of the persons to whom Underwriter Options may be issued will be Related Parties of the Company.

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 Underwriter Options does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires approval of the Company's Shareholders under Listing Rule 7.1.

Resolution 5 seeks the required Shareholder approval for the issue of the Underwriter Options under and for the purposes of Listing Rule 7.1.

If Resolution 5 is passed the Company will be able to proceed with the issue of the Underwriter Options, increasing the total number of Options on issue. In addition, the Underwriter Options 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 5 is not passed, the Company will not be able to proceed with the issue of the Underwriter Options to the Underwriters or their nominees. In this scenario, the Company will not be required to satisfy its obligations under the engagement agreement to issue Underwriter Options by way of a cash payment. However in this eventuality, the Underwriters may be less inclined to assist the Company in its future capital raising endeavours.

5.2 Listing Rule information requirements

In accordance with the disclosure requirements of Listing Rule 7.3, the following information is provided in relation to Resolution 5:

(a) Persons to whom the securities are to be issued

Underwriter Options are to be issued to IAPW and Cormark Securities (being the Underwriters) and/or the nominees of the Underwriters who are not Related Parties of the Company.

(b) The number of securities to be issued

The Company proposes to issue up to a total of 1,259,789 Underwriter Options.

(c) The terms of the securities

The Underwriter Options are exercisable at C\$1.85 each on or before 31 January 2025. The full terms of the unlisted Underwriter Options are described in Schedule 2.

If exercised prior to expiry, the Underwriter Options will become fully paid ordinary shares that rank equally with all existing Shares on issue.

(d) Dates of issue of Underwriter Options

If Resolution 5 is approved, the Underwriter Options are proposed to be issued immediately after the Meeting and, in any event, within 3 (three) months after the date of the Meeting (or such later date as permitted by the Listing Rules).

It is intended that the issue of all Underwriter Options will occur on one date.

(e) The price at which the securities will be issued

The Underwriter Options will be issued at a nil issue price.

(f) The use or intended use of the funds raised

The Company will not raise any funds from the issue of Underwriter Options.

If the Underwriter Options are exercised prior to expiry, the Company will raise up to C\$2,330,609 on receipt of the exercise price for the Options and the Company anticipates it will use those funds for working capital purposes as required at that time.

(g) **Material terms of underwriting agreement with Underwriters**

Under an engagement agreement and an underwriting agreement, the Underwriters were jointly engaged by the Company on an exclusive basis to:

- (i) to advise and assist in relation to the pricing, structure and timetable for the Placement;
- (ii) to assist in the preparation of required ASX and TSXV announcements and offer documentation;
- (iii) to manage and co-ordinate the Placement;
- (iv) procure investors to the Placement;
- (v) provide such other assistance to the Company with the Placement as agreed from time to time; and
- (vi) underwrite the issue of the Placement Shares.

For performing these services, Underwriters have been paid or will be paid as follows:

- (i) a cash fee of 6% of the gross proceeds of the Placement, other than the C\$3,375,620 subscribed by Glencore Australia and the C\$360,706 subscribed for by Blue Spec under the Placement;
- (ii) a cash fee of 4% of the amount subscribed for by Glencore Australia and Blue Spec under the Placement; and
- (iii) the grant of the Underwriter Options; the total number of Underwriter Options is equivalent to:
 - A. 6% of the total number of Placement Shares other than the Placement Shares to be issued to Glencore Australia and Blue Spec; and
 - B. 4% of the number of Placement Shares issued to Glencore Australia and Blue Spec.

The Underwriters (or their nominees) are entitled to be granted a total of 1,259,789 Options (**Underwriter Options**), subject to Shareholder approval of the grant of the Underwriter Options.

In addition, the Company must pay or reimburse the Underwriters for their reasonable costs, professional fees and expenses in relation, and incidental, to the Placement and the underwriting of the Placement.

Glossary

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

A\$	Australian dollars.
Associate	Has the meaning given to that term in the Listing Rules.
ASX	ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange operated by ASX Limited, as the context requires.
Blue Spec	Blue Spec Sondajes SpA.
Board	The Board of Directors of the Company.
Business Day	A day: (a) that is a business day as defined in the Listing Rules; and (b) which is not a Saturday, Sunday, public holiday or bank holiday in Perth, Western Australia.
C\$	Canadian dollars.
Capital Raising	The Placement to raise C\$33.79 million (before costs).
Chairperson	The chair of the General Meeting.
Company	Hot Chili Limited (ACN 130 955 725).
Company Secretary	The company secretary of the Company at the time of the Meeting.
Constitution	The constitution of the Company.
Convertible Notes	Convertible notes issued by the Company on the terms set out in section 4.1 of the Company's prospectus dated 20 June 2017, with a face value of \$100 each and convertible to Shares at a conversion price of \$1.6665 per Share.
Cormark Securities	Cormark Securities Inc., a leading independent broking firm based in Toronto, Canada.
Corporations Act	The <i>Corporations Act 2001</i> (Cth).
Cortadera or Cortadera Project	The concessions located near Vallenar, Chile, owned by SCM Carola, which the Company's subsidiary Sociedad Minera Frontera SpA has an option to acquire.
Costa Fuego or Costa Fuego Copper Project	The Company's combined projects in Chile comprising the Cortadera Project, Productora Project, San Antonio deposit and Valentina deposit.
Director	A director of the Company.
Equity Securities	Has the meaning given to that term in the Listing Rules.
Explanatory Statement	This explanatory statement which accompanies and forms part of the Notice.
General Meeting or Meeting	The general meeting of Shareholders or any adjournment thereof, convened by the Notice.
Glencore	Glencore International AG.
Glencore Australia	Glencore Australia Holdings Pty Ltd.
IAPW	iA Private Wealth Inc., a leading independent broking firm based in Toronto, Canada.
Listing Rules	The listing rules of ASX, as amended from time to time.

Notice or Notice of General Meeting	The notice of general meeting which accompanies this Explanatory Statement.
Option	An option to acquire a Share, issued by the Company.
Option Holder	The holder of an Option.
Placement	The Tranche 1 Placement and the Tranche 2 Placement, pursuant to which the Company will issue a total of 21,800,000 Shares to raise C\$33.79 million (before costs).
Placement Participant	A participant in the Placement.
Placement Share	A Share issued or to be issued under the Placement and Placement Shares means the total number of Shares issued under the Placement.
Placement Warrants	Warrants issued by the Company exercisable at C\$2.50 each on or before 31 January 2024 and Placement Warrants means the total number Warrants to be issued under the Placement.
Productora or Productora Project	The Productora copper project owned by Sociedad Minera El Águila SpA (taxpayer identification number 76.032.211-3), a corporation organised and operated by the Company, existing under the laws of Chile and located near Vallenar, Chile.
Proxy Form	The proxy form accompanying the Notice.
Related Party	Has the meaning given to that term in the Listing Rules.
Resolution	A resolution set out in the Notice.
SCM Carola	Sociedad Contractual Minera Carola, a Chilean mining company which holds the concessions comprising the Cortadera Project.
Section	A section of the Explanatory Statement.
Share	A fully paid ordinary share in the Company.
Shareholder	The holder of a Share in the Company.
Tranche 1 Placement	The placement by the Company of 21,567,286 Shares issued at an issue price of C\$1.55 each, to non-Related Party sophisticated and professional investors, raising approximately C\$33.43 million (before costs), as described in Section 1.1.
Tranche 1 Placement Participants	The persons identified in Section (a) of the Explanatory Statement to whom Tranche 1 Placement Shares were issued.
Tranche 1 Placement Shares	The 21,567,286 Shares issued under the Tranche 1 Placement.
Tranche 2 Placement	The placement by the Company of 232,714 Shares at an issue price of C\$1.55 each and 116,357 Placement Warrants to Blue Spec, to raise C\$360,708 (before costs), subject to Shareholder approval of Resolution 4, as described in Section 4.1.
Tranche 2 Placement Securities	The Shares and Warrants to be issued under the Tranche 2 Placement.
Tranche 2 Placement Shares	The Shares to be issued under the Tranche 2 Placement.
TSXV	TSX Venture Exchange.

Underwriter Options	Options proposed to be issued to the Underwriters and/or their respective nominees the subject of Resolution 5.
Underwriters	IAPW and Cormark Securities, the underwriters to the Placement.
US\$	United States dollars.
Warrant	A warrant to acquire a Share, issued by the Company on the terms described in Schedule 1.
Warrant Holder	The holder of a Warrant.
WST	Australian Western Standard Time, being the time in Perth, Western Australia.

Schedule 1 – Summary of Terms of Placement Warrants

1. **Entitlement:** Each Warrant entitles the holder (**Warrant Holder**) to subscribe for one fully paid ordinary Share in the Company.
2. **No payment on grant:** The Warrant Holder is not required to pay any amount on the grant of a Warrant.
3. **Exercise price:** The exercise price of each Warrant is C\$2.50 (**Exercise Price**).
4. **Expiry date:** Each Option may be exercised at any time before 5.00pm (WST) on 31 January 2024 (**Expiry Date**). Any Warrant not exercised by the Expiry Date will automatically expire.
5. **Certificate or holding statement:** The Company must give the Warrant Holder a certificate or holding statement stating:
 - (a) the number of Warrants issued to the Warrant Holder;
 - (b) the Exercise Price of the Warrants; and
 - (c) the date of issue of the Warrants.
6. **Transfer:**
 - (a) Warrants are transferable, subject to applicable law.
 - (b) The Warrant Holder may transfer some or all of the Warrants at any time before the Expiry Date by a prescribed instrument of transfer.
 - (c) An instrument of transfer of a Warrant must be:
 - (i) in writing;
 - (ii) in any usual form or in any other form approved by the Directors that is otherwise permitted by law;
 - (iii) executed by or on behalf of the transferor, and if required by the Company, the transferee; and
 - (iv) delivered to the Company, at the place where the Company's register of Warrant holders is kept, together with the certificate (if any) of the Warrant to be transferred and any other evidence as the Directors require to prove the title of the transferor to that Warrant, the right of the transferor to transfer that Warrant and the proper execution of the instrument of transfer.
7. **Quotation of Warrants:** The Company will not apply to ASX or the TSXV for quotation of Warrants.
8. **Quotation of Shares:** The Company will apply to ASX and the TSXV for quotation of the Shares issued on exercise of Warrants.
9. **New issues:** The Warrant Holder is not entitled to participate in any new issue to Shareholders of Securities in the Company unless it has exercised its Warrants before the record date for determining entitlements to the new issue of Securities and participate as a result of holding Shares. The Company must give the Warrant Holder notice of the proposed terms of the issue or offer in accordance with the Listing Rules of ASX. In the event of a pro rata issue, except a bonus issue, the Exercise Price and the number of underlying Shares over which the Warrants are exercisable will not change.
10. **Bonus issues:** If the Company makes a bonus issue of Shares or other Securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and a Share has not been issued in respect of the Warrant before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Warrant is

exercisable will be increased by the number of Shares which the Warrant Holder would have received if the Warrant Holder had exercised the Warrant before the record date for determining entitlements to the issue.

11. Reorganisation:

- (a) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Warrant Holder (including the number of Warrants to which the Warrant Holder is entitled to and the Exercise Price) will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (b) Any calculations or adjustments which are required to be made will be made by the Company's Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Warrant Holder.
- (c) The Company must, within a reasonable period, give to the Warrant Holder notice of any change to the Exercise Price of any Warrants held by the Warrant Holder or the number of Shares which the Warrant Holder is entitled to subscribe for on exercise of a Warrant.

12. Exercise of Warrants:

- (a) To exercise Warrants, the Warrant Holder must give the Company or its Securities Registry, at the same time:
 - (i) a written exercise notice (in the form approved by the board of the Company from time to time) specifying the number of Warrants being exercised and Shares to be issued;
 - (ii) payment of the Exercise Price for the Shares, the subject of the exercise notice, by way of bank cheque or by other means of payment, approved by the Company; and
 - (iii) any certificate for the Warrants.
- (b) The Warrant Holder may only exercise Warrants in multiples of 1,000 Warrants unless the Warrant Holder exercises all Warrants held by the Warrant Holder.
- (c) Warrants will be deemed to have been exercised on the date the exercise notice and Exercise Price are received by the Company.
- (d) If the Warrant Holder exercises less than the total number of Warrants registered in the Warrant Holder's name:
 - (i) the Warrant Holder must surrender their Warrant certificate (if any); and
 - (ii) the Company must cancel the Warrant certificate (if any) and issue the Warrant Holder a new Warrant certificate or Holding Statement stating the remaining number of Warrants held by the Warrant Holder.

13. Issue of Shares on exercise of Warrants: Within ten (10) business days after the later of the following:

- (a) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Warrant being exercised; and
- (b) when excluded information in respect of the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information. If there is no such information, the relevant date will be the date of receipt of a Notice of Exercise as detailed in paragraph 12(a)(i) above,

the Company will:

- (c) allot and issue the Shares pursuant to the exercise of the Warrants;
- (d) as soon as reasonably practicable and if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (e) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Warrants.

14. **Governing law:** These terms and the rights and obligations of the Warrant Holder are governed by the laws of Ontario, Canada. The Warrant Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Ontario, Canada.

Schedule 2 - Terms of Underwriter Options

1. **Entitlement:** Each Option entitles the holder (**Option Holder**) to subscribe for one fully paid ordinary Share in the Company.
2. **No payment on grant:** The Option Holder is not required to pay any amount on the grant of an Option.
3. **Exercise price:** The exercise price of each Option is C\$1.85 (**Exercise Price**).
4. **Expiry date:** Each Option may be exercised at any time before 5.00pm (WST) on 31 January 2025 (**Expiry Date**). Any Option not exercised by the Expiry Date will automatically expire.
5. **Certificate or holding statement:** The Company must give the Option Holder a certificate or holding statement stating:
 - (a) the number of Options issued to the Option Holder;
 - (b) the Exercise Price of the Options; and
 - (c) the date of issue of the Options.
6. **Transfer:**
 - (a) Options are transferable, subject to applicable law.
 - (b) Subject to the Listing Rules and the Corporations Act, the Option Holder may transfer some or all of the Options at any time before the Expiry Date by:
 - (i) a proper ASTC regulated transfer (as defined in the Corporations Act) or any other method permitted by the Corporations Act; or
 - (ii) a prescribed instrument of transfer.
 - (c) An instrument of transfer of an Option must be:
 - (i) in writing;
 - (ii) in any usual form or in any other form approved by the Directors that is otherwise permitted by law;
 - (iii) subject to the Corporations Act, executed by or on behalf of the transferor, and if required by the Company, the transferee; and
 - (iv) delivered to the Company, at the place where the Company's register of option holders is kept, together with the certificate (if any) of the Option to be transferred and any other evidence as the Directors require to prove the title of the transferor to that Option, the right of the transferor to transfer that Option and the proper execution of the instrument of transfer.
7. **Quotation of Options:** The Company will not apply to ASX for quotation of Options.
8. **Quotation of Shares:** The Company will apply to ASX for quotation of the Shares issued on exercise of Options.
9. **New issues:** The Option Holder is not entitled to participate in any new issue to Shareholders of Securities in the Company unless it has exercised its Options before the record date for determining entitlements to the new issue of Securities and participate as a result of holding Shares. The Company must give the Option Holder notice of the proposed terms of the issue or offer in accordance with the Listing Rules. In the event of a pro rata issue, except a bonus

issue, the Exercise Price and the number of underlying Shares over which the Options are exercisable will not change

10. **Bonus issues:** If the Company makes a bonus issue of Shares or other Securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and a Share has not been issued in respect of the Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable will be increased by the number of Shares which the Option Holder would have received if the Option Holder had exercised the Option before the record date for determining entitlements to the issue.
11. **Reorganisation:**
 - (a) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option Holder (including the number of Options to which the Option Holder is entitled to and the Exercise Price) will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
 - (b) Any calculations or adjustments which are required to be made will be made by the Company's Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option Holder.
 - (c) The Company must, within a reasonable period, give to the Option Holder notice of any change to the Exercise Price of any Options held by the Option Holder or the number of Shares which the Option Holder is entitled to subscribe for on exercise of an Option.
12. **Exercise of Options:**
 - (a) To exercise Options, the Option Holder must give the Company or its Securities Registry, at the same time:
 - (i) a written exercise notice (in the form approved by the board of the Company from time to time) specifying the number of Options being exercised and Shares to be issued;
 - (ii) payment of the Exercise Price for the Shares, the subject of the exercise notice, by way of bank cheque or by other means of payment, approved by the Company; and
 - (iii) any certificate for the Options.
 - (b) The Option Holder may only exercise Options in multiples of 1,000 Options unless the Option Holder exercises all Options held by the Option Holder.
 - (c) Options will be deemed to have been exercised on the date the exercise notice and Exercise Price are received by the Company.
 - (d) If the Option Holder exercises less than the total number of Options registered in the Option Holder's name:
 - (i) the Option Holder must surrender their Option certificate (if any); and
 - (ii) the Company must cancel the Option certificate (if any) and issue the Option Holder a new Option certificate or Holding Statement stating the remaining number of Options held by the Option Holder.
13. **Issue of Shares on exercise of Options:** Within ten (10) business days after the later of the following:
 - (a) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised; and

- (b) when excluded information in respect of the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information. If there is no such information, the relevant date will be the date of receipt of a Notice of Exercise as detailed in paragraph 12(a)(i) above,

the Company will:

- (c) allot and issue the Shares pursuant to the exercise of the Options;
- (d) as soon as reasonably practicable and if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (e) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

14. **Governing law:** These terms and the rights and obligations of the Option Holder are governed by the laws of Western Australia. The Option Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.



Hot Chili Limited
ABN 91 130 955 725

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YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (AWST) on Saturday, 29 January 2022.**

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 and select "Printable Forms".

Lodge your Proxy Form:

Online:

Lodge your vote online at 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: 186448
SRN/HIN:

For Intermediary Online subscribers (custodians) go to 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

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 General Meeting of Hot Chili Limited to be held at the First Floor, 768 Canning Highway, Applecross, WA 6153 on Monday, 31 January 2022 at 11:00am (AWST) and at any adjournment or postponement of that meeting.

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
Resolution 1	Ratification of issue of Shares to Tranche 1 Placement Participants under Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of issue of Shares to Tranche 1 Placement Participants under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval to issue Placement Warrants to Tranche 1 Placement Participants (non-Related Parties)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval to issue Tranche 2 Placement Securities to Blue Spec Sondajes SpA (a Related Party)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval to issue Underwriter Options to Underwriters to Placement	<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

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