

Hot Chili Limited

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ASX Announcement

Tuesday 31st October 2017

Share Purchase Plan to Raise Up to \$3 Million

Drilling Planned to Commence on High Grade Copper Projects Early in New Year

ASX CODE

HCH

Contact

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Key Points

- Hot Chili to raise up to \$3 million via a Share Purchase Plan
- The Share Purchase Plan offers all Existing Eligible Shareholders the opportunity to apply for discounted shares at a time of significant optimism for global copper prices and the commencement of the Company's expanded growth strategy
- Funds to be used for general working capital purposes and to commence drilling across Hot Chili's recently announced high grade copper-gold satellite projects - San Antonio and Lulu
- San Antonio and Lulu are subject to non-binding Letters of Intent and the Company anticipates formal acquisition agreements to be entered into shortly
- Both projects sit within short trucking distance of the Company's flagship Productora copper project in Chile and contain or are adjacent to some of the area's most substantial high grade underground copper mines

Hot Chili Limited (Hot Chili or the Company) (ASX:HCH) is pleased to announce a Share Purchase Plan (SPP) for the offer of 85,714,286 new fully paid ordinary shares (New Shares) at an issue price of 3.5 cents per share to raise up to approximately \$3 million.

The SPP Offer will offer New Shares to each individual who was registered as a Hot Chili shareholder as at 5:00pm (WST) on 30 October 2017 (Record Date).

The issue price of 3.5 cents per share represents a 9.2% discount to the 5 day volume weighted price of Hot Chili's shares traded on the ASX immediately prior to this announcement.





Eligible shareholders will be able to subscribe for up to \$15,000 of New Shares, without incurring brokerage or other transaction costs.

If total applications for the SPP exceed \$3,000,000, the Company reserves the right to close the SPP Offer early and scale back applications in its absolute and sole discretion.

When determining the amount (if any) by which to scale back an application, the Company may take into account a number of factors, including the size of an applicant's shareholding, the extent to which an Eligible Shareholder has sold or bought additional shares after the Record Date and the date an application was made.

Eligible Shareholders are therefore encouraged to submit applications early.

Hot Chili's Managing Director, Mr Christian Easterday said:

"The Share Purchase Plan will allow all of our shareholders, large or small, to participate in a fund raising at an important inflection point in the Company's history.

"With copper prices continuing to rise and Hot Chili's value equation looking more compelling by the day, the funding will assist in the commencement of an exciting new phase for the Company.

"We now have two outstanding high grade project opportunities and are moving to execute formal agreements following positive due diligence.

"We anticipate executing formal agreements shortly and plan to commence initial drilling early in the New Year.

"Work on the ground has reinforced our opinion of the potential on both projects to deliver substantial high grade copper and gold resource growth in the short term for Hot Chili.

"That work and our continuing focus on unlocking further opportunities provides an exciting pathway forward into this next copper price cycle.

"Our Board is very pleased to be providing this offer to all shareholders as we prepare to successfully execute on our strategy to rapidly re-rate the value of Hot Chili"

Purpose of the Capital Raising

The capital raising will provide Hot Chili with funding for general working capital requirements and to initiate exploration and drilling activities across San Antonio and Lulu following the execution of formal Option agreements, which are expected shortly.

On the 30th August and 5th September this year, Hot Chili announced to the ASX the execution of non-binding Letters of Intent (LOI) to enter into Option agreements to earn majority interests in San Antonio (Option to earn a 90% interest over a four-year term) and Lulu (Option to earn a 70% interest over a four-year term). Positive technical due diligence is now complete and the Company anticipates executing formal agreements shortly.





Lead-time exploration planning and environmental applications are being prepared at both projects and further announcements are expected in the coming weeks and months ahead in relation to San Antonio and Lulu.

Details of the SPP Offer

The SPP Offer is only available to Australian and New Zealand shareholders who were registered as Hot Chili shareholders at 5:00pm (WST) on 30 October 2017 (Eligible Shareholders).

Eligible Shareholders will be able to purchase parcels of new fully paid ordinary shares valued at \$2,000, \$5,000, \$7,500, \$10,000 or \$15,000 at an issue price of 3.5 cents per share, without incurring brokerage or transaction costs. The SPP Offer is intended to raise up to approximately \$3 million.

Any New Shares not subscribed for under the SPP Offer will form a shortfall and will be offered to professional and sophisticated investors at the discretion of the Directors (Shortfall Offer), to be undertaken concurrently with the SPP Offer.

The SPP Offer is currently scheduled to close on 13 November 2017. However, Hot Chili reserves the right to close the SPP Offer at any time depending on demand for shares. Eligible Shareholders are therefore encouraged to lodge their applications well ahead of the advertised closing date of 13 November 2017.

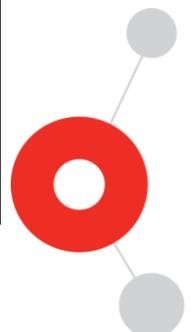
All New Shares issued under the SPP Offer and Shortfall Offer will rank equally with existing ordinary fully paid shares in the Company.

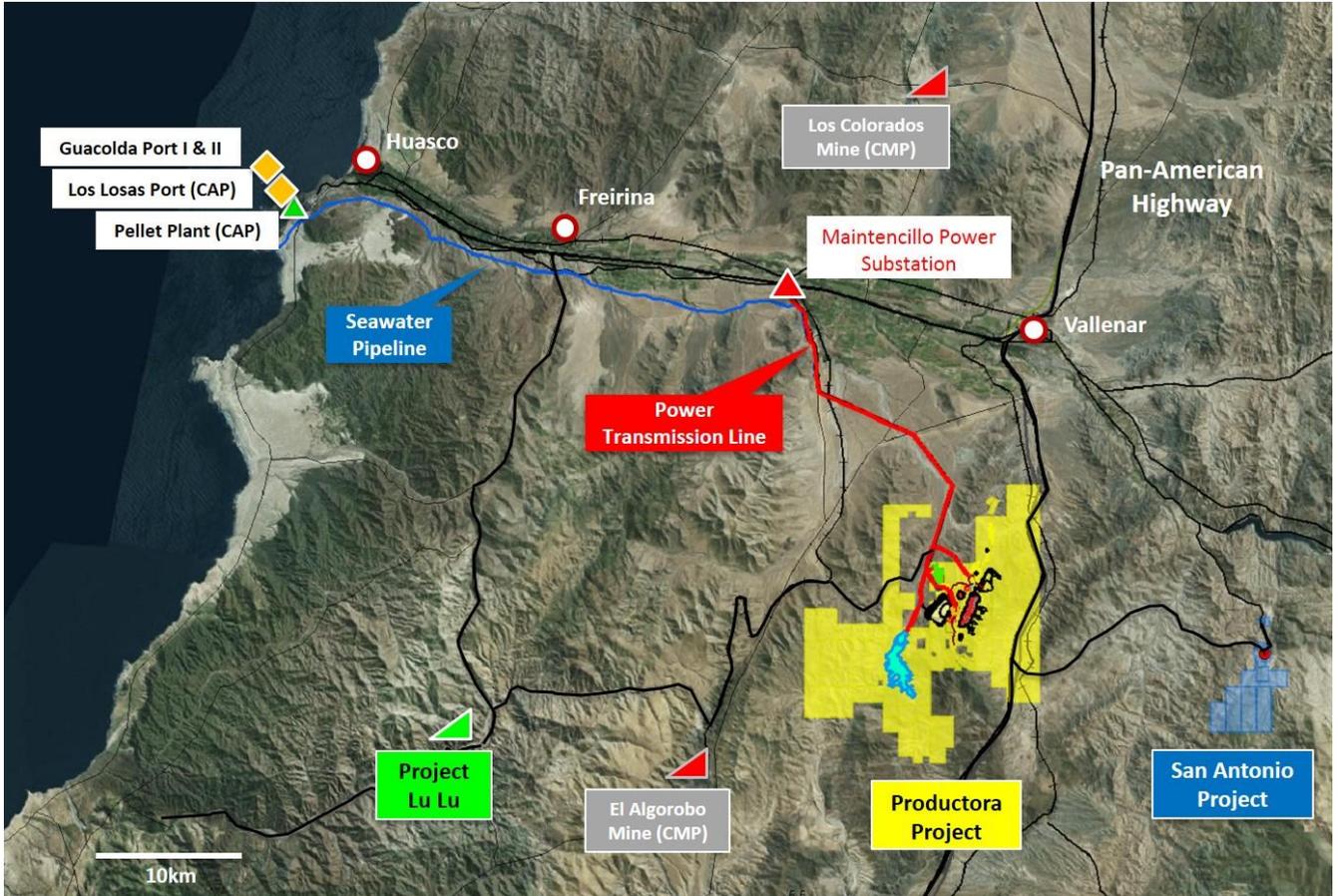
Full details of the SPP Offer will be contained in an offer document which is scheduled to be dispatched to Eligible Shareholders on 2 November 2017.

Key dates

The proposed timetable for the SPP Offer is set out below, however the Directors reserve the right to vary the dates and times without notice.

| Event | Date |
|--|------------------|
| Record Date (date for determining Shareholders' entitlements to participate in SPP Offer) (5:00 WST) | 30 October 2017 |
| Announcement of SPP Offer | 31 October 2017 |
| Despatch of SPP Offer document | 2 November 2017 |
| SPP Offer opens | 3 November 2017 |
| Closing Date for SPP Offer (5:00 WST) | 13 November 2017 |
| Issue of New Shares under SPP Offer and Shortfall Offer | 15 November 2017 |
| Quotation of New Shares on ASX | 16 November 2017 |
| Despatch of Holding Statements for New Shares | 17 November 2017 |





Productora copper project and coastal range infrastructure position in relation to the San Antonio and Lulu high-grade satellite copper-gold projects.

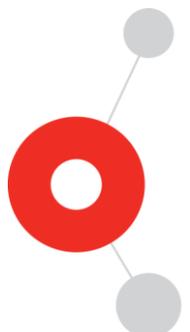
This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States of America. The securities have not been and will not be registered under the United States Securities Act of 1933 (the "1933 Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons (as defined in the 1933 Act) unless registered under the 1933 Act and applicable state securities laws, or an exemption from such registration is available.

For more information please contact:

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Managing Director

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or visit Hot Chili's website at www.hotchili.net.au





Qualifying Statements

JORC Compliant Ore Reserve Statement

Productora Open Pit Probable Ore Reserve Statement – Reported 2nd March 2016

| Ore Type | Reserve Category | Tonnage (Mt) | Grade | | | Contained Metal | | | Payable Metal | | |
|--------------|------------------|--------------|-------------|-------------|------------|-----------------|----------------|---------------------|-----------------|----------------|---------------------|
| | | | Cu (%) | Au (g/t) | Mo (ppm) | Copper (tonnes) | Gold (ounces) | Molybdenum (tonnes) | Copper (tonnes) | Gold (ounces) | Molybdenum (tonnes) |
| Oxide | Probable | 24.1 | 0.43 | 0.08 | 49 | 103,000 | 59,600 | 1,200 | 55,600 | | |
| Transitional | | 20.5 | 0.45 | 0.08 | 92 | 91,300 | 54,700 | 1,900 | 61,500 | 24,400 | 800 |
| Fresh | | 122.4 | 0.43 | 0.09 | 163 | 522,500 | 356,400 | 20,000 | 445,800 | 167,500 | 10,400 |
| Total | Probable | 166.9 | 0.43 | 0.09 | 138 | 716,800 | 470,700 | 23,100 | 562,900 | 191,900 | 11,200 |

Note 1: Figures in the above table are rounded, reported to two significant figures, and classified in accordance with the Australian JORC Code 2012 guidance on Mineral Resource and Ore Reserve reporting. Note 2: Price assumptions: Cu price - US\$3.00/lb; Au price US\$1200/oz; Mo price US\$14.00/lb. Note 3: Mill average recovery for fresh Cu - 89%, Au - 52%, Mo - 53%. Mill average recovery for transitional; Cu 70%, Au - 50%, Mo - 46%. Heap Leach average recovery for oxide; Cu - 54%. Note 4: Payability factors for metal contained in concentrate: Cu - 96%; Au - 90%; Mo - 98%. Payability factor for Cu cathode - 100%.

JORC Compliant Mineral Resource Statements

Productora Higher Grade Mineral Resource Statement, Reported 2nd March 2016

| Deposit | Classification | Tonnage (Mt) | Grade | | | Contained Metal | | |
|------------|------------------|--------------|-------------|-------------|------------|------------------|----------------|---------------------|
| | | | Cu (%) | Au (g/t) | Mo (ppm) | Copper (tonnes) | Gold (ounces) | Molybdenum (tonnes) |
| Productora | Indicated | 166.8 | 0.50 | 0.11 | 151 | 841,000 | 572,000 | 25,000 |
| | Inferred | 51.9 | 0.42 | 0.08 | 113 | 219,000 | 136,000 | 6,000 |
| | <i>Sub-total</i> | <i>218.7</i> | <i>0.48</i> | <i>0.10</i> | <i>142</i> | <i>1,059,000</i> | <i>708,000</i> | <i>31,000</i> |
| Alice | Indicated | 15.3 | 0.41 | 0.04 | 42 | 63,000 | 20,000 | 600 |
| | Inferred | 2.6 | 0.37 | 0.03 | 22 | 10,000 | 2,000 | 100 |
| | <i>Sub-total</i> | <i>17.9</i> | <i>0.41</i> | <i>0.04</i> | <i>39</i> | <i>73,000</i> | <i>23,000</i> | <i>700</i> |
| Combined | Indicated | 182.0 | 0.50 | 0.10 | 142 | 903,000 | 592,000 | 26,000 |
| | Inferred | 54.5 | 0.42 | 0.08 | 109 | 228,000 | 138,000 | 6,000 |
| | Total | 236.6 | 0.48 | 0.10 | 135 | 1,132,000 | 730,000 | 32,000 |

Reported at or above 0.25 % Cu. Figures in the above table are rounded, reported to two significant figures, and classified in accordance with the Australian JORC Code 2012 guidance on Mineral Resource and Ore Reserve reporting. Metal rounded to nearest thousand, or if less, to the nearest hundred.





Productora Low Grade Mineral Resource Statement, Reported 2nd March 2016

| Deposit | Classification | Tonnage (Mt) | Grade | | | Contained Metal | | |
|------------|------------------|--------------|-------------|-------------|-----------|-----------------|----------------|---------------------|
| | | | Cu (%) | Au (g/t) | Mo (ppm) | Copper (tonnes) | Gold (ounces) | Molybdenum (tonnes) |
| Productora | Indicated | 150.9 | 0.15 | 0.03 | 66 | 233,000 | 170,000 | 10,000 |
| | Inferred | 50.7 | 0.17 | 0.04 | 44 | 86,000 | 72,000 | 2,000 |
| | <i>Sub-total</i> | <i>201.6</i> | <i>0.16</i> | <i>0.04</i> | <i>60</i> | <i>320,000</i> | <i>241,000</i> | <i>12,000</i> |
| Alice | Indicated | 12.3 | 0.14 | 0.02 | 29 | 17,000 | 7,000 | 400 |
| | Inferred | 4.1 | 0.12 | 0.01 | 20 | 5,000 | 2,000 | 100 |
| | <i>Sub-total</i> | <i>16.4</i> | <i>0.13</i> | <i>0.02</i> | <i>27</i> | <i>22,000</i> | <i>9,000</i> | <i>400</i> |
| Combined | Indicated | 163.2 | 0.15 | 0.03 | 63 | 250,000 | 176,000 | 10,000 |
| | Inferred | 54.8 | 0.17 | 0.04 | 43 | 91,000 | 74,000 | 2,000 |
| | <i>Total</i> | <i>218.0</i> | <i>0.16</i> | <i>0.04</i> | <i>58</i> | <i>341,000</i> | <i>250,000</i> | <i>13,000</i> |

Reported at or above 0.1% Cu and below 0.25 % Cu. Figures in the above table are rounded, reported to two significant figures, and classified in accordance with the Australian JORC Code 2012 guidance on Mineral Resource and Ore Reserve reporting. Metal rounded to nearest thousand, or if less, to the nearest hundred. Metal rounded to nearest thousand, or if less, to the nearest hundred.

Mineral Resource and Ore Reserve Confirmation

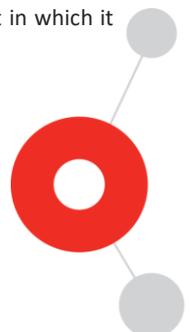
The information in this report that relates to Mineral Resources and Ore Reserve estimates on the Productora copper projects were originally reported in the ASX announcements “Hot Chili Delivers PFS and Near Doubles Reserves at Productora” dated 2nd March 2016. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

Competent Person’s Statement- Exploration Results

Exploration information in this Announcement is based upon work undertaken by Mr Christian Easterday, the Managing Director and a full-time employee of Hot Chili Limited whom is a Member of the Australasian Institute of Geoscientists (AIG). Mr Easterday has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a ‘Competent Person’ as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ (JORC Code). Mr Easterday consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Competent Person’s Statement- Mineral Resources

The information in this Announcement that relates to the Productora Project Mineral Resources, is based on information compiled by Mr J Lachlan Macdonald and Mr N Ingvar Kirchner. Mr Macdonald is a part time employee of Hot Chili, and is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Kirchner is employed by AMC Consultants (AMC). AMC has been engaged on a fee for service basis to provide independent technical advice and final audit for the Productora Project Mineral Resource estimates. Mr Kirchner is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a Member of the Australian Institute of Geoscientists (AIG). Both Mr Macdonald and Mr Kirchner have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ (the JORC Code 2012). Both Mr Macdonald and Mr Kirchner consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.



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Competent Person's Statement- Ore Reserves

The information in this Announcement that relates to Productora Project Ore Reserves, is based on information compiled by Mr Carlos Guzmán, Mr Boris Caro, Mr Leon Lorenzen and Mr Grant King. Mr Guzmán is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM), a Registered Member of the Chilean Mining Commission (RM- a 'Recognised Professional Organisation' within the meaning of the JORC Code 2012) and a full time employee of NCL Ingeniería y Construcción SpA (NCL). Mr Caro is a former employee of Hot Chili Ltd, now working in a consulting capacity for the Company, and is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and a Registered Member of the Chilean Mining Commission. Mr Lorenzen is employed by Mintrex Pty Ltd and is a Chartered Professional Engineer, Fellow of Engineers Australia, and is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr King is employed by AMEC Foster Wheeler (AMEC FW) and is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). NCL, Mintrex and AMEC FW have been engaged on a fee for service basis to provide independent technical advice and final audit for the Productora Project Ore Reserve estimate. Mr. Guzmán, Mr Caro, Mr Lorenzen and Mr King have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Guzmán, Mr Caro, Mr Lorenzen and Mr King consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Forward Looking Statements

This Announcement is provided on the basis that neither the Company nor its representatives make any warranty (express or implied) as to the accuracy, reliability, relevance or completeness of the material contained in the Announcement and nothing contained in the Announcement is, or may be relied upon as a promise, representation or warranty, whether as to the past or the future. The Company hereby excludes all warranties that can be excluded by law. The Announcement contains material which is predictive in nature and may be affected by inaccurate assumptions or by known and unknown risks and uncertainties, and may differ materially from results ultimately achieved.

The Announcement contains "forward-looking statements". All statements other than those of historical facts included in the Announcement are forward-looking statements including estimates of Mineral Resources. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, copper, gold and other metals price volatility, currency fluctuations, increased production costs and variances in ore grade recovery rates from those assumed in mining plans, as well as political and operational risks and governmental regulation and judicial outcomes. The Company does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events or circumstances after the date of the Announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws. All persons should consider seeking appropriate professional advice in reviewing the Announcement and all other information with respect to the Company and evaluating the business, financial performance and operations of the Company. Neither the provision of the Announcement nor any information contained in the Announcement or subsequently communicated to any person in connection with the Announcement is, or should be taken as, constituting the giving of investment advice to any person.

