



2nd November 2017

Dear Shareholder,

On behalf of Hot Chili Limited ACN 130 955 725 (**Hot Chili** or **Company**) I am pleased to invite you to participate in a Share Purchase Plan (**Share Purchase Plan** or **SPP**) to acquire new fully paid ordinary shares in the Company (**Shares**) at an issue price of 3.5 cents per New Share, on the terms and conditions set out in the documents enclosed with this letter (**SPP Offer**).

The SPP Offer is available exclusively to shareholders who were registered as holders of Shares at 5.00pm (WST) on the Record Date of 30 October 2017 and whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

The Company is pleased that the Share Purchase Plan will allow all of its 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.

The SPP Offer

The SPP is offering up to 85,714,286 of Shares (**New Shares**) to raise up to \$3 million and entitles Eligible Shareholders, irrespective of the size of their shareholding, to purchase up to \$15,000 worth of New Shares at a price of 3.5 cents each.

You may apply for parcels of New Shares in Hot Chili in the amounts of \$2,000, \$5,000, \$7,500, \$10,000 or \$15,000 without incurring brokerage costs.

The issue price of 3.5 cents per New Share represents a **9.2% discount** to the volume weighted average price (**VWAP**) of Shares on the Australian Securities Exchange (**ASX**) during the 5 trading days immediately prior to the announcement of the SPP Offer on 31 October 2017.

The details and terms of the SPP Offer are set out in this letter and the enclosed SPP Offer Key Details and SPP Offer Terms and Conditions documents (together, the **SPP Offer Documents**).

Purpose and use of funds

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





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

The funds raised under the SPP are intended to be used by the Company as follows:

1. exploration and initial drilling program on the San Antonio and Lulu satellite projects upon execution of option agreements in respect of those projects; and
2. for general working capital purposes.

How to apply

You may apply for New Shares under the SPP Offer by either:

1. completing the enclosed Application Form and sending it together with your payment by cheque or money order to the Company's share registry using the enclosed reply paid envelope; or
2. making payment by BPay® – you do not need to return an Application Form if paying by BPay®.

Please refer to the enclosed the SPP Offer Key Details document for further instructions on how to apply for New Shares under the SPP Offer.

Applications for New Shares

The SPP Offer is targeting to raise up to \$3 million, however the Company reserves absolute discretion regarding the final amount raised under the SPP Offer. If total demand for the SPP Offer exceeds \$3 million, the Company reserves the right to close the SPP Offer early and scale back applications in its absolute and sole discretion.

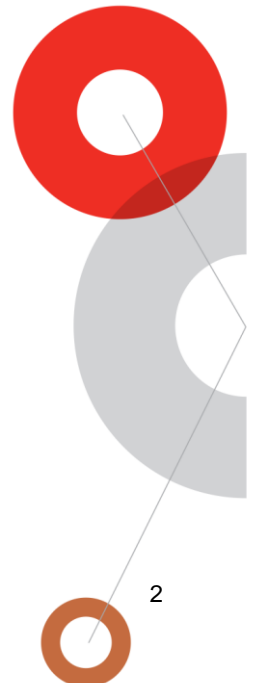
When determining the amount (if any) by which to scale back an application, the Company may take into account a number of factors, including the size of an applicant's shareholding, the extent to which Eligible Shareholders have sold or bought additional Shares after the Record Date, and the date an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

You are therefore encouraged to apply for New Shares under the SPP Offer early.

Closing date for the SPP Offer

The SPP Offer is scheduled to close at **5.00pm (WST) on Monday, 13 November 2017.**

The Company reserves the right to close the SPP Offer early or extend the closing date for applications without notice.



Hot Chili Limited

ACN 130 955 725

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PO Box 1725, Applecross, Western Australia 6953

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www.hotchili.net.au



Further information

If you have any questions about the SPP Offer please contact the Company's Company Secretary, Mr John Sendziuk, on +61 8 9315 9009 during normal business hours in Western Australia.

Details of the Company's current activities are set out in the Company's recently released annual report and ASX announcements which are available Hot Chili's website at www.hotchili.net.au.

Before applying for New Shares under the SPP Offer, I encourage you to read the SPP Offer Documents enclosed with this letter in full.

On behalf of your Board, I invite you to participate in the SPP Offer and thank you for your continued support of Hot Chili.

Yours sincerely

A handwritten signature in black ink, appearing to read "Murray Black", written over a light blue horizontal line.

Murray Black
Chairman
Hot Chili Limited





Hot Chili Limited

ACN 130 955 725

SPP Offer Key Details

How much can you invest?

Eligible Shareholders may acquire up to a maximum of \$15,000 worth of Shares under the SPP Offer.

Eligible Shareholders may participate by selecting only one of the following offers to purchase Shares under the SPP Offer:

	Total amount payable at \$0.035 per Share	Number of Shares which may be purchased
Offer A	\$2,000 (minimum)	57,143
Offer B	\$5,000	142,858
Offer C	\$7,500	214,286
Offer D	\$10,000	285,715
Offer E	\$15,000 (maximum)	428,572

Note: Fractions of Shares are rounded up to the nearest whole number.

How to apply for New Shares under the SPP Offer

If you would like to apply for New Shares under the SPP Offer, you can do so using one of the following methods:

1 Application Form and accompanying cheque or money order

Complete the enclosed Application Form and send it together with your payment by cheque or money order made payable to "Hot Chili Limited" and drawn in Australian currency for the correct amount, to Hot Chili's share registry, Security Transfer Australia Pty Ltd, PO Box 52, Collins Street West Victoria 8007, to be received by the share registry no later than **5.00pm (WST) on the Closing Date of 13 November 2017**.

2 Payment by BPay¹

If you wish to pay by BPay®, you must use the Biller Code and Reference Number shown on your personalised Application Form.

If you have multiple holdings you will have multiple BPay® Reference Numbers. To ensure you receive your Shares under the SPP Offer in respect of that holding you must use the specific Biller Code and Reference Number shown on each personalised Application Form when paying for any Shares that you may wish to apply for in respect of that holding. If you inadvertently use the same Reference Number for more than one of your applications, you will be deemed to have applied only for that application to which that Reference Number applies and any excess amount will be refunded.

If you make your payment using BPay® you do not need to return your Application Form.

Payments made by BPay® received after **5.00pm (WST) on the Closing Date of 13 November 2017** will not be accepted unless the Closing Date for the SPP Offer is extended. Applicants should be aware that their own financial institution may implement

¹Registered to BPAY Pty Limited ABN 69 079 137 518.



earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPay®. It is your responsibility to check that the amount you wish to pay via BPay® does not exceed your limit.

Applicants should not forward cash.

If you have not received your SPP Offer documentation and personalised Application Form, or require a replacement via post or email, please contact the Company's security registry, Security Transfer Australia Pty Ltd, on +61 8 9315 2333.

Once an application has been made it cannot be revoked.

If the exact amount of money is not tendered with your application, Hot Chili reserves the right to either:

1. return your Application Form and/or payment and not issue any Shares to you; or
2. issue to you the number of Shares that would have been issued had you applied for the highest designated amount that is less than the amount of your payment, and refund the excess application money to you by cheque as soon as possible, without interest.

The maximum investment any Eligible Shareholder may apply for will remain \$15,000 even if an Eligible Shareholder receives more than one Offer (whether in respect of a joint holding or because the Eligible Shareholder has more than one holding under a separate account).

Closing Date

The SPP Offer is scheduled to close at **5.00pm (WST) on Monday, 13 November 2017 (Closing Date)**, however the Company reserves the right to close the SPP Offer early, or extend the Closing Date, without notice.

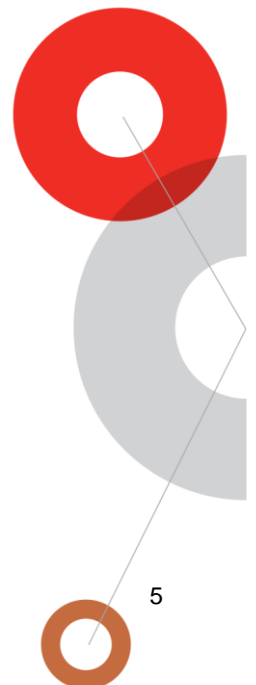
As valid applications may be accepted on a first-come first-served basis and as the SPP Offer may close early, Eligible Shareholders are encouraged to submit their Application Forms as early as possible.

Key dates

Event	Date
Record Date (date for determining Shareholders' entitlements to participate in SPP Offer) (5.00pm WST)	30 October 2017
Announcement of SPP Offer	31 October 2017
Despatch SPP booklet to Eligible Shareholders	2 November 2017
Opening Date for SPP Offer	3 November 2017
Closing Date for SPP Offer	13 November 2017
Issue of New Shares under the SPP Offer	15 November 2017
Quotation of New Shares on ASX	16 November 2017
Despatch of Holding Statements for New Shares	17 November 2017

These dates are indicative only. The Company may vary the dates and times of the SPP Offer without notice.

Shortfall





Any New Shares not subscribed for under the SPP Offer will form a shortfall and may be offered to professional and sophisticated investors at the discretion of the directors of the Company (**Shortfall Offer**).

Acknowledgement

If you submit a BPay® payment or complete and return the Application Form, you represent to the Company that you have not applied for, or instructed a custodian (as defined in ASIC Class Order 09/425) to apply on your behalf for, Shares with an application price which, when aggregated with the application price for any Shares issued to you or a custodian on your behalf under the SPP Offer or any similar Hot Chili arrangement in the 12 months prior to your application, exceeds \$15,000.

Custodians and nominees

Eligible Shareholders who hold Shares as custodian or nominee (**Custodian**) for one or more persons on the Record Date (**Beneficiary**) may apply for up to a maximum amount of \$15,000 worth of Shares in respect of each Beneficiary who is resident in Australia or New Zealand, subject to providing a Custodian Certificate to the Company, as described in the Terms and Conditions enclosed with this letter. Please refer to the Terms and Conditions for more details.

SPP Offer speculative

An investment in the Company's shares should be considered as a speculative investment.

Before deciding to participate in the SPP Offer you should consider seeking appropriate professional advice with respect to the Company evaluating business, financial performance and operations of the Company.

Risk of change in share price

On the last trading day immediately prior to the announcement date of the SPP Offer, the closing price of the Shares traded on ASX was \$0.037. The market price of Shares in the Company may rise and fall between the date of the SPP Offer and the date that any Shares are issued to you as a result of your application under this SPP Offer.

By making an application under this SPP Offer, each Eligible Shareholder will be acknowledging that Shares are a speculative investment, the price of Shares traded on ASX may change between the date of the Company announcing its intention to make an SPP Offer and the date of issue of Shares under the SPP Offer, and that the value of the Shares received under the SPP may rise or fall accordingly.

Acceptance of applications and issue of Shares

An Eligible Shareholder's entitlements under the SPP Offer cannot be assigned or otherwise transferred.

The SPP Offer is targeting to raise \$3 million, however the Company reserves absolute discretion regarding the final amount raised under the SPP. If total demand for the SPP exceeds \$3 million, the Company reserves the right to close the SPP early and scale back applications in its absolute and sole discretion.

If the Company rejects or scales-back an application or purported application, the Company will promptly return to the Shareholder the relevant application monies, without interest.

New Shares issued under the SPP will be issued no later than 5 business days after the Closing Date of the SPP Offer.

Application for quotation of the New Shares on ASX will be made immediately following the issue of the New Shares.





Foreign offer restrictions

This document may not be released or distributed in any country other than Australia and New Zealand. This document does not constitute or contain an offer to sell, or a solicitation of an offer to buy, securities in any other country. In particular, any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 (as amended) and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

New Zealand Shareholders

The Shares offered under the SPP are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand and to whom the SPP Offer is being made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Securities Act 1978* (NZ). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

No investment advice given

Neither the provision of the SPP Offer nor any information contained in the SPP Offer Documents is, or should be taken as, constituting the giving of investment advice to any person.

This SPP Offer and the SPP Offer Documents do not take into account the investment objectives, financial situation or particular needs of any Eligible Shareholder.

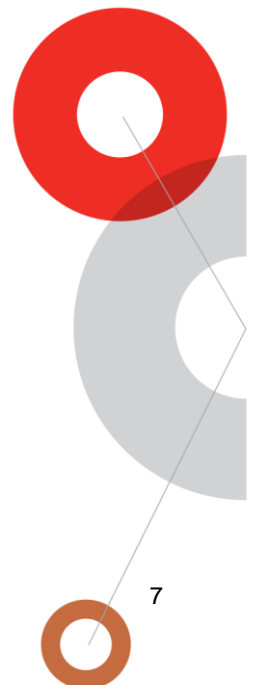
The information in the SPP Offer Documents is provided in good faith and derived from sources believed to be accurate at the date of the SPP Offer Documents, but to the extent permitted by law, no warranty of accuracy or reliability is given and no responsibility arising in any other way, including by reason of negligence for errors or omission in the SPP Offer Documents is accepted by Hot Chili or its officers.

Caution about forward looking statements

The SPP Offer Documents may contain prospective financial material which is predictive in nature and based on certain assumptions. Accordingly, actual financial results may be affected by assumptions which prove to be inaccurate or by known or unknown risks and uncertainties, and are likely to differ, possibly materially, from results ultimately achieved.

Forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, copper and other metals price volatility, currency fluctuations, increased production costs and variances in ore grade ore recovery rates from those assumed in mining plans, as well as political and operational risks and governmental regulation and judicial outcomes.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in the SPP Offer Documents will actually occur



**Hot Chili Limited**

ACN 130 955 725

SPP Offer Terms and Conditions**Purpose**

The purpose of the Share Purchase Plan (**SPP**) is to offer shareholders of Hot Chili Limited (**Company**) the opportunity to acquire additional fully paid ordinary shares in the Company (**Shares**) up to a maximum of \$15,000 (when combined with any Shares issued under any share purchase plan in the 12 months preceding the date of the SPP) at an issue price of \$0.035 per Share.

Price of Shares

The price of Shares to be issued under the SPP will be \$0.035 per Share, being a 9.2% discount to the VWAP of Shares during the 5 trading days immediately prior to the announcement of the SPP Offer.

Shareholders eligible to participate

Holders of Shares who are registered with an Australian or New Zealand address at the relevant record date of 5.00pm WST on 30 October 2017 are eligible shareholders (**Eligible Shareholders**) and may participate in the SPP, unless such registered shareholder holds Shares on behalf of another person who resides outside Australia or New Zealand.

Offers made under the SPP are non-renounceable (i.e. Eligible Shareholders may not transfer their rights to any Shares offered under the SPP).

An offer may, at the discretion of the directors of the Company (**Directors**), be made under the SPP once a year.

The maximum amount which any shareholder may subscribe for in any consecutive 12 month period is \$15,000.

The Directors may also determine in their discretion the minimum amount for participation, the multiple of Shares to be offered under the SPP and the period the SPP Offer is available to Eligible Shareholders.

Custodians, trustees and nominees

If you are an Eligible Shareholder and hold Shares as a custodian (**Custodian**) (as defined in either ASIC Class Order CO 09/425 (refer

below) or in any other ASIC relief granted to the Company in relation to the SPP), you may apply for up to the maximum number of new Shares for each beneficiary for whom you act as Custodian provided you annexe to your Application Form a certificate to the Company (**Custodian Certificate**) with the following information:

- that you held Shares on behalf of one or more other persons who are residents in Australia or New Zealand (each a **Participating Beneficiary**) at 5.00pm (WST) on 30 October 2017 who have subsequently instructed you to apply for Shares under the SPP on their behalf;
- the number of Participating Beneficiaries and their names and addresses;
- the number of Shares that you hold on behalf of each Participating Beneficiary;
- the dollar amount of Shares that each Participating Beneficiary has instructed you, either directly or indirectly through another Custodian, to apply for on their behalf;
- that the application price for Shares applied for each Participating Beneficiary for whom you act plus the application price for any other Shares issued to you as Custodian for that Participating Beneficiary under any arrangement similar to the SPP in the prior 12 months does not exceed \$15,000;
- that a copy of the written offer document was given to each beneficiary; and
- where you hold Shares on behalf of a beneficiary indirectly, through one or more interposed Custodians, the name and address of each interposed Custodian.

For the purposes of ASIC Class Order 09/425, you are a Custodian if:

- you hold an Australian financial services licence that covers the provision of a custodian or depositary service, or covers the operation of an IDPS (as defined in ASIC Class Order 13/763); or





- you are exempt under:
 - paragraph 7.6.01(1)(k) of the *Corporations Regulations 2001* (Cth) (**Regulations**); or
 - paragraph 7.6.01 (na) of the *Regulations*; or
 - ASIC Class Order 14/1000 or 14/1001; or
 - Schedule 2 to the ASIC Corporate (Repeal and Transitional) Instrument 2016/936; or
 - an instrument, not being a legislative instrument, made by ASIC and which applies to the person on terms similar to Schedule 2 of ASIC Corporate (Repeal and Transitional) Instrument 2016/396 or any of the ASIC Class Orders repealed by that legislative instrument; or
 - paragraph 911A(2)(h) of the *Corporations Act 2001* (Cth),

from the requirement to hold an Australian financial services licence for the provision of a custodial or depository service; or

- you are the trustee of a self-managed superannuation fund or a superannuation master trust as defined in ASIC Class Order 09/425; or
- you are a responsible entity of an IDPS-like scheme as defined in ASIC Class Order 13/762; or
- you are noted on the Company's register of members as holding the Shares on account of another person.

If you hold Shares as a trustee or nominee for another person or persons but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings (above) apply.

Custodians should request a Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request a Custodian Certificate, or if you would like further information on how to apply, you should contact the Company's security registry, Security Transfer Australia during the SPP Offer period.

The Company reserves the right to reject any application for Shares to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements. The Company reserves the right to reject applications in accordance with these Terms and Conditions.

Closing Date for applications

The scheduled closing date of the SPP Offer is 13 November 2017 (**Closing Date**). The Company reserves the right to close the SPP Offer early, or extend the Closing Date.

Placement of Shortfall

Any shortfall from the SPP Offer may be placed at the absolute discretion of the Directors.

Issue of New Shares

Shares to be issued under the SPP will be issued as soon as reasonably practicable after the Closing Date specified by the Directors in the SPP Offer.

The Company may issue to any person fewer Shares than the person applied for under the SPP Offer.

Shares issued under the SPP will rank equally in all respects with all other fully paid ordinary shares in the Company from the date of issue.

Shareholding statements or CHESS notification will be issued in respect of all Shares issued under the SPP. The Company will, promptly after the issue of Shares under the SPP, make application for those Shares to be listed for quotation on the official list of the Australian Securities Exchange (**ASX**).

Modification and termination of the SPP

The Company may modify or terminate the SPP at any time. The Company will notify ASX of any modification to, or termination of, the SPP. The omission to give notice of any modification to, or termination of, the SPP or the failure of ASX to receive such notice will not invalidate the modification or termination.

Raising amount and scale back

The number of Shares that may be issued pursuant to this Offer is 85,714,286 Shares and the maximum amount to be raised is \$3 million.

The Company reserves the right to 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 Eligible Shareholders have sold or bought additional Shares after the Record Date, and the date an application was made.

If an application is rejected or scaled back, the Company will promptly return to the applicant the relevant Application Moneys, without interest.

Effect of an application

A person that makes an application under the SPP Offer:

- irrevocably and unconditionally agrees to these Terms and Conditions and any other terms and conditions set out in the SPP letter of offer to which they are attached;
- warrants and represents that they are an Eligible Shareholder entitled to participate in the SPP;
- acknowledges that their application is irrevocable and unconditional;
- agrees to pay the issue price for each Share subscribed for under the SPP Offer, subject to any scale back in accordance these Terms and Conditions;
- warrants and represents that they have not applied for more than \$15,000 worth of Shares under the SPP Offer; and
- warrants and represents to the Company that they have not applied for, or instructed a custodian (as defined in Class Order 09/425) to apply on that person's behalf for, Shares with an application price which, when aggregated with the application price for any Shares issued to the applicant or a custodian on the applicant's behalf under the SPP Offer or any similar arrangement by the Company in the 12 months prior to the Application, exceeds \$15,000.

Applications

Once an application has been made, it cannot be revoked.

All valid applications shall be deemed accepted if received before the Closing Date, except that once \$3 million has been received in applications, the Company reserves the right to

return an Application Form and/or payment, and not issue any New Shares to that applicant.

If the exact amount of money is not tendered with an Application, the Company reserves the right to either:

- return the Application Form and/or payment and not issue any New Shares to the applicant and refund the excess application money to that applicant by cheque as soon as possible, without interest; or
- issue to the applicant the number of Offer Shares that would have been issued had the applicant applied for the highest designated amount that is less than the amount of the payment and refund the excess application money to that applicant by cheque as soon as possible, without interest.

If the amount of money tendered would result in the issue of a fraction of a Share, that fraction will be rounded up to the nearest whole number.

Maximum application

The maximum investment any Eligible Shareholder may apply for under the SPP will remain \$15,000 worth of New Shares, even if an Eligible Shareholder receives more than one SPP Offer (whether in respect of a joint holding or because the Eligible Shareholder has more than one holding of Shares under a separate account). Over subscriptions to the SPP Offer will be refunded without interest.

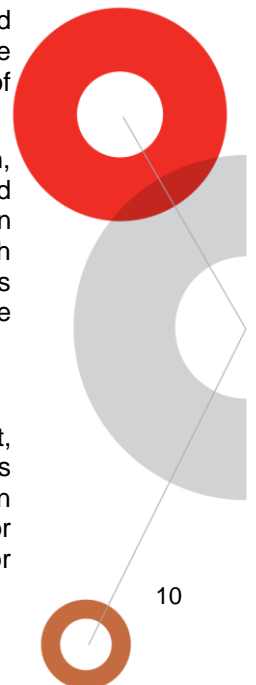
Governing law

The SPP (including these Terms and Conditions) is governed by the laws of the State of Western Australia and the Commonwealth of Australia (as applicable).

Any dispute arising out of, or in connection with, the SPP or the SPP Offer will be heard in and determined by the courts of the State of Western Australia or those courts of the Commonwealth of Australia sitting in Perth, Western Australia (as applicable). Each applicant submits to the exclusive jurisdiction of these courts.

Dispute resolution

The Company may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP, whether generally or in relation to any participant, application or



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Shares. The decision of the Company in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.

The Company reserves the right to waive strict compliance with any provision of these Terms and Conditions. The powers of the Company

under these conditions may be exercised by the Directors or any delegate of the Directors.

Questions and contact details

If you have any questions regarding the SPP or how to deal with this SPP Offer, please contact your stockbroker or professional adviser or the Company on (08) 9315 9009.

