



ASX Announcement

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Impressive Surface Results Returned from Lulu

ASX CODE

HCH

Contact

Mr Christian Easterday
Managing Director

E: admin@hotchili.net.au

www.hotchili.net.au

Key Points

- Preliminary sampling efforts at the recently secured Lulu copper project have returned grades up to 2.8% copper and 3.9g/t gold from surface
- Sampling results confirm an outcropping 800m direct extension to one of the regions highest grade and most substantial underground mines
- The adjacent underground mine to Lulu was reportedly exploited to a depth of 600m at average sulphide production grades of 6% copper and 3g/t gold over 1.5m to 2m width
- The Lulu project adds a second potential high grade satellite ore source within short trucking distance of the Company's Productora copper project in Chile
- Opportunities for drill access being assessed and further exploration planned for New Year

Hot Chili (ASX code HCH) ("Hot Chili" or "Company") is pleased to provide an update on further exploration progress aimed towards unlocking higher grade production potential within trucking distance of the Company's advanced large-scale Productora copper project, located 600km north of Santiago along the Chilean coastal range.

Preliminary surface results from the Lulu project, located 30km directly west of the Productora, have confirmed significant shallow, high grade, copper and gold resource potential.

The recently secured Lulu and San Antonio high grade satellite copper projects provide critical mass for the expansion of Productora into a higher margin and larger scale copper operating centre.

Positive surface results have now been announced from both projects as Hot Chili's exploration team ramps up its assessment in advance of planned first drilling in the New Year.



Importantly, the Lulu project has never been subjected to any modern exploration and has never been drill tested, a legacy of private ownership for over 50 years prior to the execution of a formal agreement with Hot Chili.

Confirmatory surface mapping and sampling has provided further confidence in the Lulu high grade project, with the Company well positioned to define drill targets from field work already completed.



Figure 1. Photo looking north from the Lulu copper-gold project landholding across the main underground mine area.

High Grade Copper-Gold Confirmed at Surface over 800m Strike Extent

Preliminary surface mapping undertaken by Hot Chili within the Lulu project has confirmed a strike continuous 800m extension of the main ore hosting structure, as seen in figure 2. Surface rock chip samples have returned significant results including 2.8% copper and 0.4g/t gold, taken from a 3m wide outcropping carbonate vein and associated fault zone.

Significant rock chip results are predominantly associated with carbonate veining, with copper oxides (malachite, chrysocolla, cuprite) and iron oxide alteration also observed.

Hot Chili is pleased with the preliminary surface results, in particular gold grades up to 3.9g/t that have been returned, as this adds significant value to the economics of any potential ore to be exploited from the project.

These new surface results demonstrate strong continuity in both width and grade along the strike continuous vein hosted mineralisation, as seen in figures 2, 3 and 4 below.

The results are considered particularly significant, given that samples were taken from copper oxide material. An elevation in grades may be expected from copper sulphide material similar to that recognised in the adjacent underground mine, with average production grades of 6% copper and 3g/t gold associated with sulphide mineralogy comprising chalcopyrite, bornite pyrrhotite and magnetite.

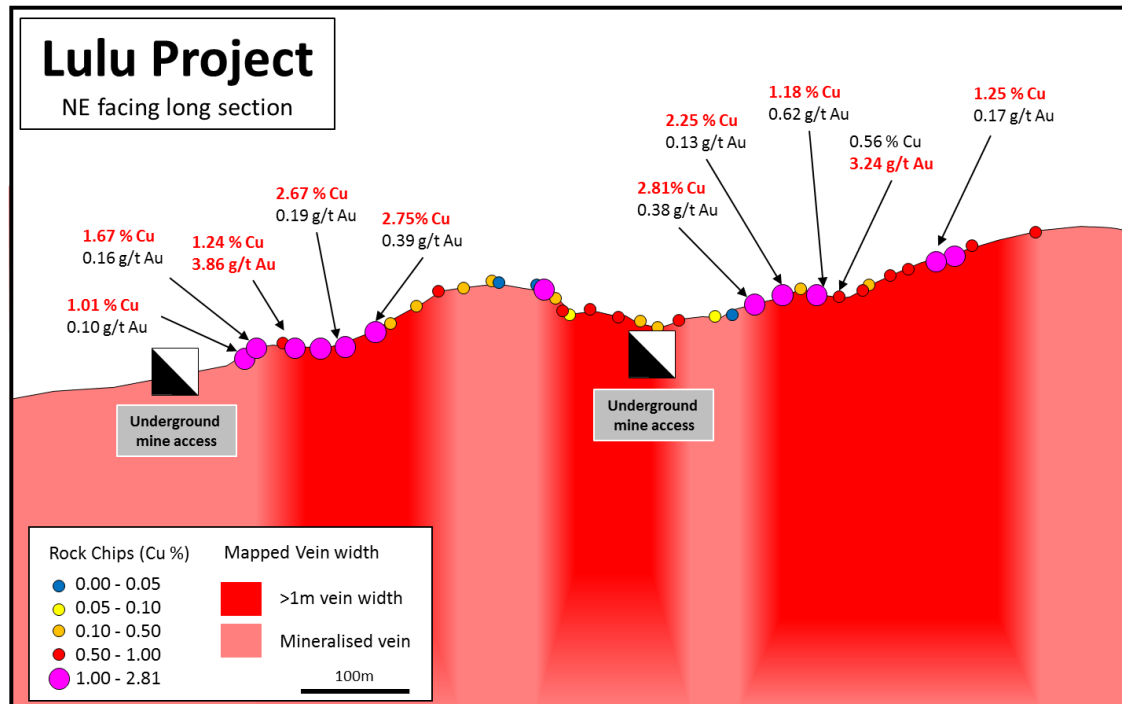


Figure 2. Long section displaying significant surface samples returned over an 800m strike extent

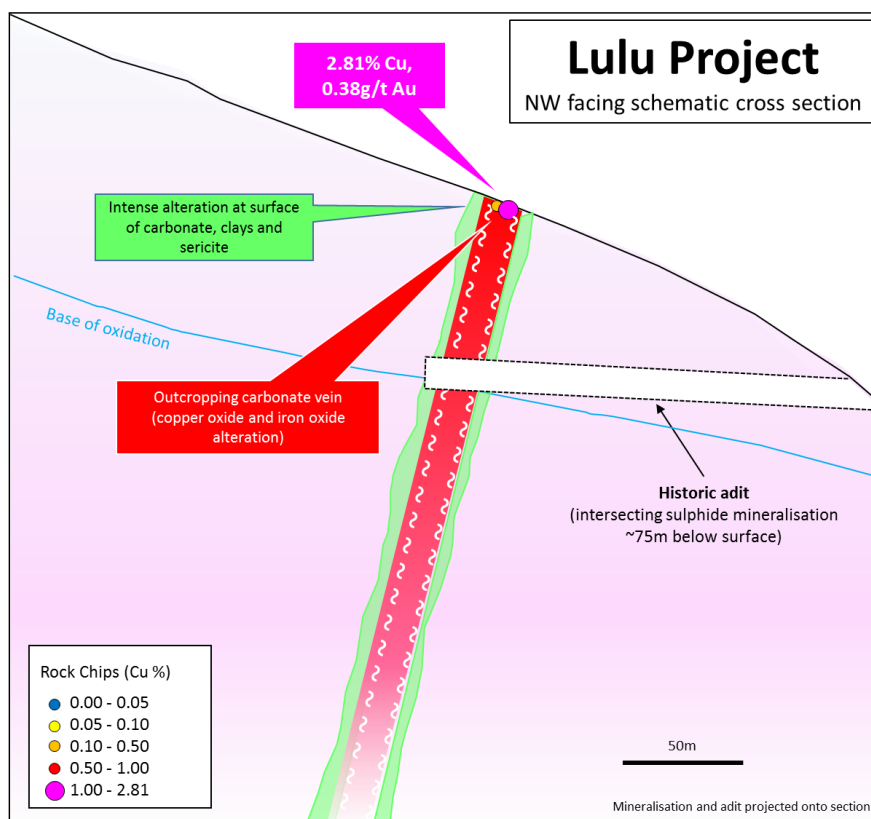


Figure 3. Schematic cross section displaying carbonate vein hosted copper-gold mineralisation as observed at surface (oxide) and intersected in a historic adit (sulphide)

Evidence of the strike extensive outcropping carbonate vein, and small-scale surface workings can be observed across the Lulu project landholding.

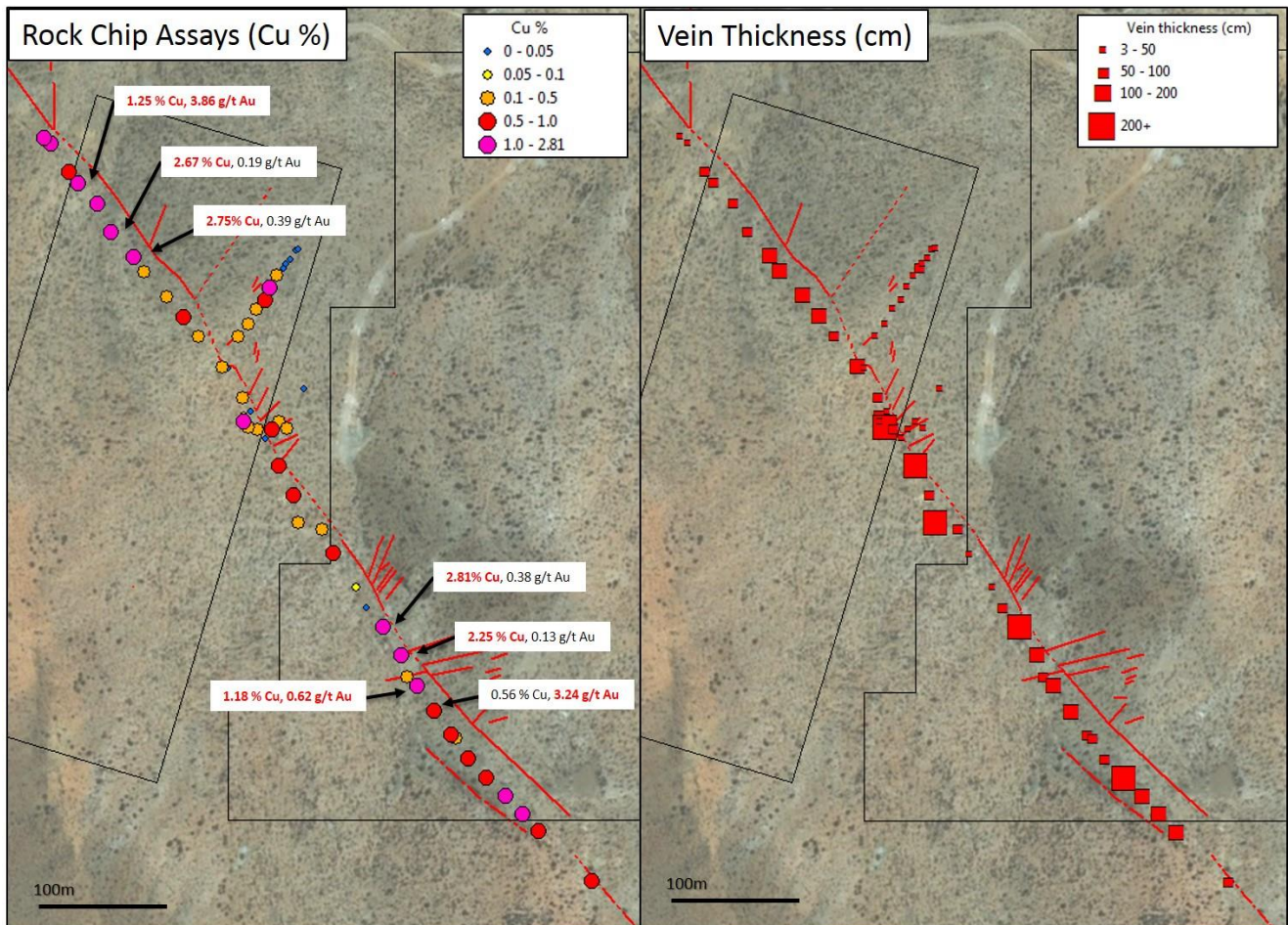


Figure 4. Plan displaying surface rock chip results in relation to vein width mapping across Lulu's 800m copper-gold bearing structure.

Additional surface sampling and focussed mapping is planned to commence in the New Year at Lulu to assist with prioritising target areas for drill testing in 2018.

Lulu High Grade Copper Project - Background

The Lulu copper-gold project lies 30km directly west of Productora (figure 5) in Region IV of Chile at low altitude (950m). Lulu is a relatively early stage exploration project which has not previously been drill tested and comprises two exploitation leases covering an area of 40ha.



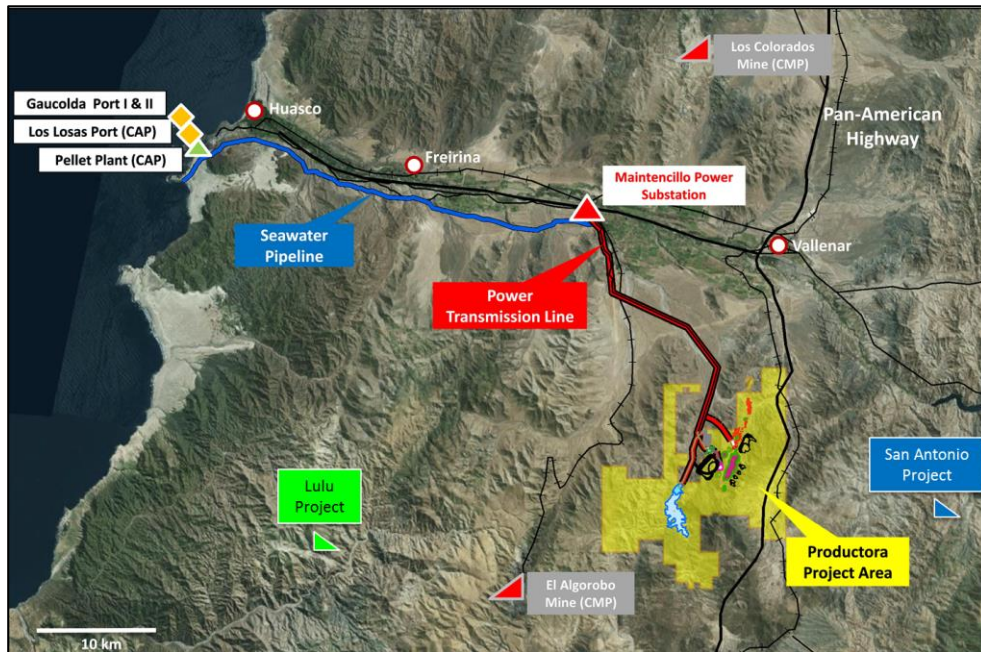


Figure 5. Productora copper project in relation to the San Antonio and Lulu satellite projects and coastal range infrastructure position.

Importantly, the project represents the direct extension of one of the regions highest grade and substantial underground mines. This mine reportedly exploited vein hosted material to 600m depth, over widths ranging between 1.5m and 2m and grades averaging 6% copper and 3g/t gold.

Higher grade ore shoots within the historical underground mine, adjacent to the Lulu project, exploited vein widths up to 7m with grades averaging 12% copper and 5g/t gold.

Copper mineralisation at Lulu is hosted within a moderately (60 - 70°) southwest dipping carbonate vein which varies in width between 0.7m and 4.1m where observed. The main carbonate vein trends NW-SE and transects a granodiorite which has also been variably intruded by andesitic dykes. Brecciation and secondary veining occurs within a 10m to 15m width encompassing the main copper-bearing carbonate vein.

San Antonio Project Update

Hot Chili's exploration team have completed follow up mapping and surface sampling at the San Antonio project, with efforts focussed on the newly recognised near mine "Parallel Lode" and also on regional geochemical targets identified from a recent soil sampling campaign.

The Company looks forward to providing further updates as the results from this latest surface mapping and sampling campaign are returned.





For more information please contact:

Christian Easterday
Managing Director

+61 8 9315 9009
Email: christian@hotchili.net.au

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

Table 1 Lulu preliminary surface rock chip results

Easting	Northing	RL	Width m	Cu %	Au ppm	Description
284121	6820815	998	3.0	2.8	0.4	Carbonate vein in fault zone with copper oxides (malachite, chrysocolla, and copper black oxides)
283926	6821104	975	1.4	2.8	0.4	Carbonate vein in working, with copper oxides, rock very weathered, limonite on fracture planes
283909	6821123	962	0.8	2.7	0.2	Carbonate vein between dolerite dykes; with copper oxides (malachite, chrysocolla)
284135	6820793	1008	2.0	2.3	0.1	Carbonate vein with some malachite +/- cuprite Quartz vein in working with malachite, chrysocolla, chalcocite, goethite, limonite in brecciated fault zone
284033	6821080	995	0.2	1.9	0.2	
283862	6821192	959	0.2	1.7	0.2	Fault-fracture zone with carbobate, silica and copper oxide alteration in diorite
283898	6821145	960	1.0	1.6	0.3	Carbonate vein/ fault zone in working with copper oxides (malachite, chrysocolla, chalcocite)
283883	6821161	960	1.0	1.2	3.9	Carbonate vein, very silicified, on contact with intermediate dyke
284174	6820731	1013	2.0	0.6	3.2	Carbonate vein in small working; with copper oxides, on dyke contact to the east
284012	6820975	1014	0.4	1.6	0.1	Secondary carbonate vein with minor copper oxides
284217	6820683	1041	1.4	1.2	0.2	Carbonate vein with copper oxides (malachite, chrysocolla, chalcocite +/- cuprite)
284148	6820769	1009	2.0	1.2	0.6	Carbonate vein with limonite, hematite, malachite and clay alteration
284230	6820669	1047	2.0	1.1	0.2	Carbonate vein with copper oxides (malachite, chrysocolla) vein very weathered
283856	6821197	951	0.4	1.0	0.1	Secondary carbonate vein in brittle deformation zone, with minor copper oxides
284034	6820969	992	0.4	1.0	0.1	Secondary carbonate vein in contact with granitoid, copper oxides (malachite, chrysocolla, chalcocite); vein with quartz clasts



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
	<i>Total</i>	<i>236.6</i>	<i>0.48</i>	<i>0.10</i>	<i>135</i>	<i>1,132,000</i>	<i>730,000</i>	<i>32,000</i>

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.

**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.





JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg 	<p>Hot Chili Limited ("Hot Chili" or the "Company") has undertaken surface rock chip sampling. Samples were taken by geologists from surface outcrop. These samples were crushed and split at the laboratory, with ~1kg pulverised, with ~150g used for ICP-AES assay determination (for multi-elements including Cu). A 50g charge taken for fire assay fusion (for gold).</p> <p>The sampling techniques used are deemed appropriate for early stage exploration and this type of mineralisation.</p> <p>.</p>



	submarine nodules) may warrant disclosure of detailed information.	
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<p>Chip samples were taken from surface outcrop. Samples weights ranged from 1.1kg to 1.8kg</p> <p>No drilling has been undertaken on the project.</p>
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<p>No drilling has been undertaken on the project.</p> <p>There is no information relating to whether these rock chip samples present any sample bias compared to in-situ grades.</p>
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<p>All Hot Chili samples were logged using company logging standards.</p> <p>The rock chip samples should be considered qualitative in nature and may not represent true thickness grades.</p>
Sub-sampling techniques	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. 	For the Hot Chili surface rock chips, the average weight of sample was 1.4kg, with all ranges of sample weighing between 1.1-1.8kg.



and sample preparation	<ul style="list-style-type: none"> • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled. 	<p>All samples were submitted to ALS Coquimbo for multi-element analysis. The sample preparation included:</p> <p>Rock chip samples were crushed such that a minimum of 70% is less than 2mm, Samples were then split via rotatory splitter to achieve ~1kg split,</p> <p>This split was then pulverised such that a minimum of 85% passes 75um and 150g was used for analytical pulp (ICP-AES), also 30g was used for fire assay fusion (gold).</p>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<p>All Hot Chili samples were assayed by industry standard methods through commercial laboratories in Chile (ALS Coquimbo):</p> <p>150g pulps derived from sample preparation (outlines in the previous sections) were used for multi-element analysis. ALS method ME-ICP61 involves a 4-acid digestion (Hydrochloric-Nitric-Perchloric-Hydrofluoric) followed by ICP-AES determination.</p> <p>Samples that returned Cu grades >10,000ppm were analysed by ALS “ore grade” method Cu-OG62, which is a 4-acid digestion, followed by AES measurement to 0.001%Cu</p> <p>Pulp samples were subsequently analysed for gold by ALS method Au-ICP21; a 30g lead-collection Fire Assay, followed by ICP-OES to a detection limit of 0.001ppm Au. Hot Chili did not submit any standards or blanks. The analytical laboratory (ALS) provided their own routine quality controls within their own practices. The results from their own validation were provided to Hot Chili.</p>



Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<p>No verification of sampling or assaying has been undertaken in the Company as relate to the surface rock chip sampling programme.</p> <p>The Company is not aware of any twinned drilling at the project.</p> <p>Limited adjustments were made to the returned assay data for the Hot Chili rock chip samples; values that returned lower than detection level were set to the methodology's detection level and copper values were converted from ppm to %.</p>
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<p>The location of Hot Chili samples was via handheld GPS in WGS84 UTM zone 19S.</p> <p>The method of historic coordinate capture for drill collars and surface sampling is unknown. The method of downhole survey is unknown.</p>
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<p>The surface rock chips sample spacing was variable due to the preliminary stages of exploration and outcrop occurrence.</p> <p>No sample compositing has been applied.</p>
Orientation of data in relation to	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering 	<p>The location of the surface sampling is provided in images in the main body of the report.</p> <p>Considering the types of mineralisation at the projects and the drilling orientation, apparent</p>



<i>geological structure</i>	<p><i>the deposit type.</i></p> <ul style="list-style-type: none"> <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	sampling is considered to be adequate in its representation for exploration reporting purposes.
<i>Sample security</i>	<ul style="list-style-type: none"> <i>The measures taken to ensure sample security.</i> 	Hot Chili has strict chain of custody procedures that are adhered. All samples have the sample submission number/ticket inserted into each bulk polyweave sample bag with the id number clearly visible. The sample bag is stapled together such that no sample material can spill out and no one can tamper with the sample once it leaves Hot Chili's custody.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <i>The results of any audits or reviews of sampling techniques and data.</i> 	None completed.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> 	<p>Hot Chili, through its 100% owned subsidiary Sociedad Minera Frontera SpA ("Frontera"), executed a formal Option agreement with a private party to earn a 70% interest in the Lulu copper-gold project over a four-year period. The proposed JV involves an Option agreement, whereby full ownership of 70% of the mining rights of the project will be transferred upon satisfaction of the following Option payment schedule:</p> <ol style="list-style-type: none"> 1. US\$75,000 upon execution of a formal JV Option agreement (paid at execution on 3rd November 2017) 2. US\$75,000 12 months from execution of a formal JV Option agreement 3. US\$150,000 24 months from execution of a formal JV Option agreement 4. US\$150,000 36 months from execution of a formal JV Option agreement 5. US\$2,000,000 48 months from execution of a formal JV Option agreement



Criteria	JORC Code explanation	Commentary
		<p>Exploration by Frontera at Lulu shall be at its discretion and the owner will be able to exploit 50,000 tonnes of ore per year from within the Project during the first 36 months of the JV Option period.</p> <p>The location of the leases in the JV Option are shown in images in the main body of the report.</p>
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<p>Little exploration work has been undertaken on the Lulu project tenements beyond limited historic mapping. To the Company's knowledge, no drilling or surface sampling has been undertaken within the project tenements.</p> <p>Locally (outside project tenements) there is significant historic mining. This mine reportedly exploited vein hosted material to 600m depth, over widths ranging between 1.5m and 2m and grades averaging 6% copper and 3g/t gold. Higher grade ore shoots within the historic underground mine, adjacent to the Lulu project, reportedly exploited vein widths up to 7m with grades averaging 12% copper and 5g/t gold.</p> <p>Any quoted historic results in the main report body, from historic mining, has been provided for historic and qualitative purposes only.</p>
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<p>Copper mineralisation at Lulu is hosted within a moderately- to steeply dipping (60-70°) southwest dipping carbonate vein which varies in width between 70cm and 4.1m (where observed). The main carbonate vein trends NW-SE and transects a granodiorite which has also been variably intruded by andesite dykes. Brecciation and secondary veining occurs within a 10m to 15m width encompassing the main copper-bearing carbonate vein.</p> <p>Oxidation at Lulu occurs to a depth of approximately 75m vertical, where oxide copper mineralisation is associated with malachite, chrysocolla and cuprite as observed in outcrop. Sulphide copper is associated with chalcopyrite, bornite and minor covellite.</p>
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: 	<p>No drilling has been undertaken on the project.</p>



Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> o easting and northing of the drill hole collar o elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar o dip and azimuth of the hole o down hole length and interception depth o hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	
Data aggregation methods	<ul style="list-style-type: none"> • In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<p>No top-cutting of high grade assay results has been applied, nor was it deemed necessary for the reporting of the Hot Chili rock chip sample.</p> <p>No metal equivalent values have been reported.</p>
Relationship between	<ul style="list-style-type: none"> • These relationships are particularly important in the reporting of Exploration Results. 	<p>The relationship of mineralisation widths base on surface mapping, to the those interpreted at depth are inferred and unverified by drilling.</p>



Criteria	JORC Code explanation	Commentary
<i>mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i> 	
<i>Diagrams</i>	<ul style="list-style-type: none"> <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	Refer to figures in announcement.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<p>It is not practical to report all exploration results as such unmineralised intervals. Low or non-material grades have not been reported. The location of all Hot Chili surface samples is provided in the supplied report diagrams.</p> <p>Any quoted historic results in the main report body, from historic mining, has been provided for historic and qualitative purposes only.</p>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<p>Little exploration work has been undertaken on the Lulu project tenements beyond limited historic mapping. To the Company's knowledge, no drilling or surface sampling has been undertaken within the project tenements.</p> <p>The Company has not been able to verify historic production data.</p>

Hot Chili Limited

ACN 130 955 725

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

PO Box 1725, Applecross, Western Australia 6953

P: +61 8 9315 9009

F: +61 8 9315 5004

www.hotchili.net.au



Criteria	JORC Code explanation	Commentary
Further work	<ul style="list-style-type: none">• <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i>• <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	Potential work across the Project may include detailed further geological mapping and surface sampling, ground or airborne geophysics as well as confirmatory, exploratory or follow-up drilling.