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ASX Announcement

Wednesday 21st February 2017

Third High Grade Deal Adds Critical Mass for Hot Chili

ASX CODE
HCH

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Key Points

New High Grade El Fuego Copper Project

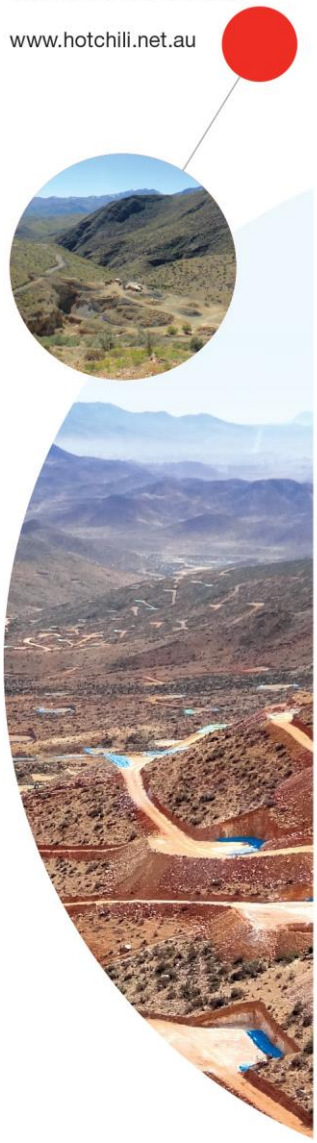
- Hot Chili announces the formation of a new consolidated high grade coastal copper project in Chile, named El Fuego
- The El Fuego copper project comprises the collective landholdings across three high grade areas (San Antonio, Lulu & Valentina) which account for a significant portion of sulphide copper mine production in the Vallenar region

Valentina the Third Deal in Six Months

- Execution of a non-binding Letter of Intent (LOI) to acquire a 90% interest in the Valentina landholding, located approximately 20km east of the Company's large-scale Productora copper project
- Valentina contains an operating high grade underground copper mine (shallowly developed) with several significant historical drilling intersections which have not been effectively followed up, including:
  - **End of hole intercept of 11m grading 2.0% copper (including 7m grading 2.7% copper from 129m down-hole)**
  - **3m grading 3.4% copper from 27m down-hole**
- While very little drilling has been completed, Hot Chili has confirmed over 700m of mineralised strike length potential from surface mapping and sampling (+1% copper rock chip results)

Exploration Advancing and Further Opportunities

- Exploration work is being accelerated across El Fuego and further results are expected to be released shortly
- Regional consolidation continues



Hot Chili (ASX code HCH) has taken another important step towards the consolidation of a new regional high grade copper project on the coastal range in Chile – El Fuego.

The project is growing in size, and offers Hot Chili the opportunity to test – and if successful - establish a significant high grade copper resource inventory from copper mines which have been family owned for generations and not previously subjected to modern exploration or resource definition.

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The most recent addition to the El Fuego consolidation is the Valentina landholding, where the Company has executed a non-binding Letter of Intent (LOI) to earn a 90% interest over a four-year period.

Following execution of a formal agreement at Valentina, Hot Chili will control Options over three landholding positions (San Antonio, Valentina and Lulu) which contain or are adjacent to three substantial high grade underground copper mines - all of which lie within close development distance of Productora.

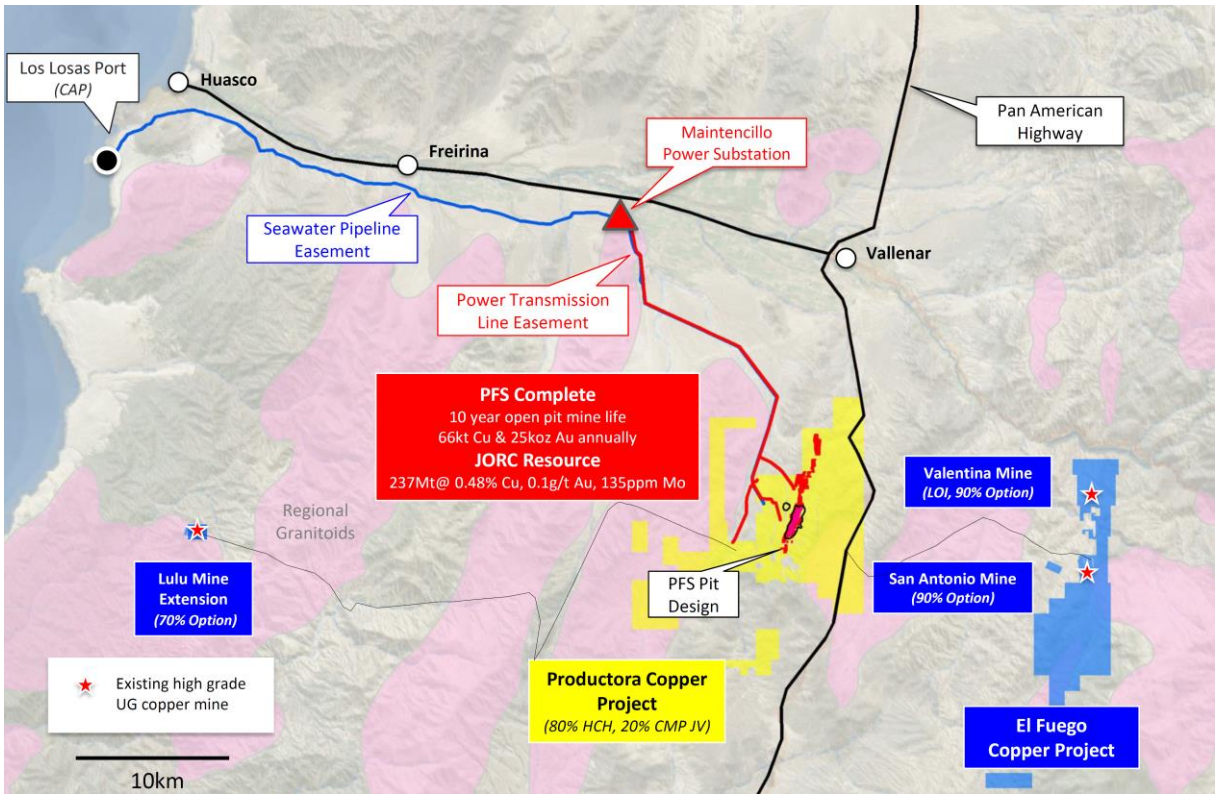

Figure 1 The new consolidated high grade El Fuego copper project in relation the Company's existing large-scale Productora copper project.

Hot Chili's Managing Director Christian Easterday said the Valentina deal represents another low-cost option for Hot Chili to secure a very promising high grade copper opportunity through local partnership.

"Local mine owners share a common goal with Hot Chili of establishing a major new coastal copper mining centre in Chile.

"Valentina adds further critical mass to our strategy of achieving this.

"The copper price is rising and our high grade copper growth opportunities, now consolidated as the El Fuego project, are formidable.

The El Fuego copper project is the collective term for the combined landholdings of San Antonio, Lulu and Valentina which contain or are adjacent to three substantial high-grade copper mines.

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"Together with our existing large asset base at Productora, the growing scale and potential grade impact from El Fuego provides an opportunity to rapidly re-rate Hot Chili through exploration success." Easterday said

Valentina copper-gold deposit- Third substantial high grade opportunity consolidated

The Valentina landholding lies 5km north of the San Antonio copper-gold mine and 20km directly east of Productora (figure 2) in Region IV of Chile at low altitude (800m). Valentina contains an operating underground copper mine where sulphide ore is currently being transported to the nearby Empresa Nacional de Mineria (ENAMI) processing facility for treatment.

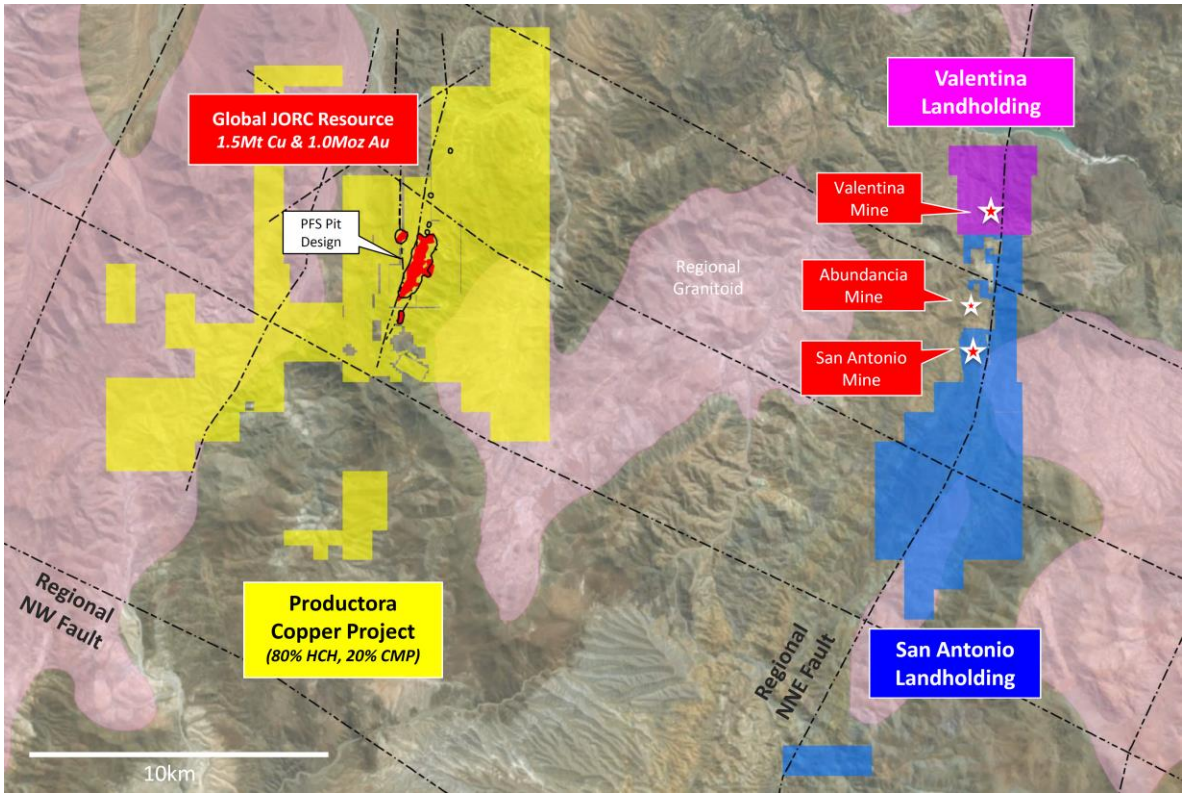

Figure 2. The Valentina landholding in relation to San Antonio and Productora.

Surface and underground mine development at Valentina extends over a strike length of over 200m.

Surface mapping and sampling by Hot Chili's exploration team has confirmed that the zone of copper mineralisation at Valentina extends a further 500m north. Shallow gravel cover masks further potential extensions south of the existing mine as displayed in figure 3.

Valentina comprises 2 exploitation leases covering an area of 100ha and has been privately owned for several decades. In addition, Hot Chili has added a further 600ha by securing

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three new exploration lease applications immediately surrounding the Valentina landholding. These new leases (100% interest) are being constituted through Hot Chili's 100% Chilean subsidiary company Frontera SpA.

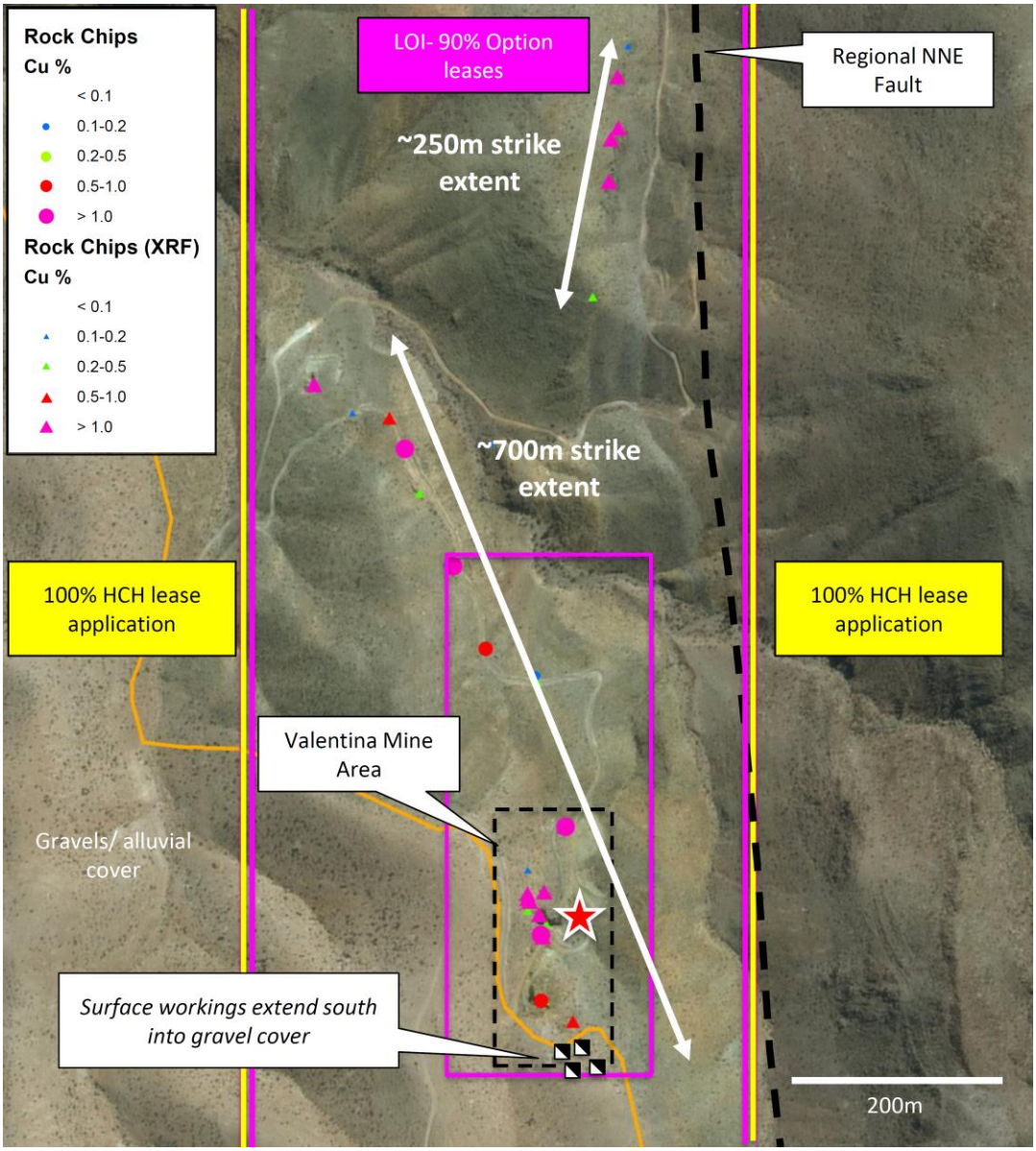

Figure 3 Plan view of the Valentina landholding and surface results of high grade copper mineralisation trends as confirmed by Hot Chili's exploration team.

Very little modern exploration has been undertaken over the project with only 7 historical drill holes completed over the southern extent of the mine area. Significant drill intersections were recorded including **11m grading 2.0% copper from 129m down-hole to end-of-hole (including 7m grading 2.7% copper) and 3m grading 3.4% copper from 27m down-hole.**

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These drill holes were completed by the state-run company ENAMI in 1993 and have never been effectively followed up. Figures 4, 5 and 6 display this drilling and the wide, high grade target potential it outlines for Hot Chili.

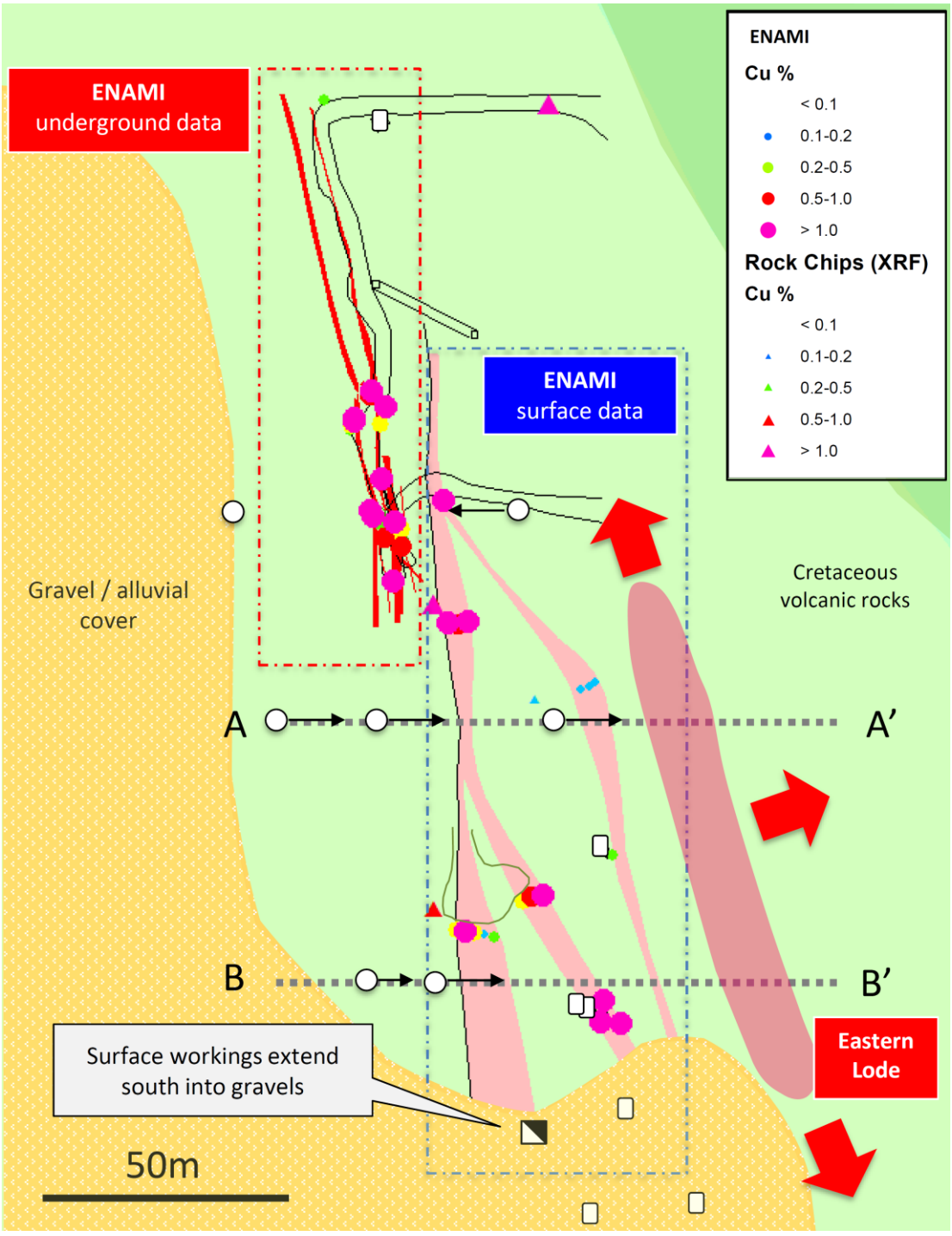

Figure 4 Plan view of the Valentina mine area displaying copper mineralisation as recognised from historical surface and underground mapping as well as drilling.

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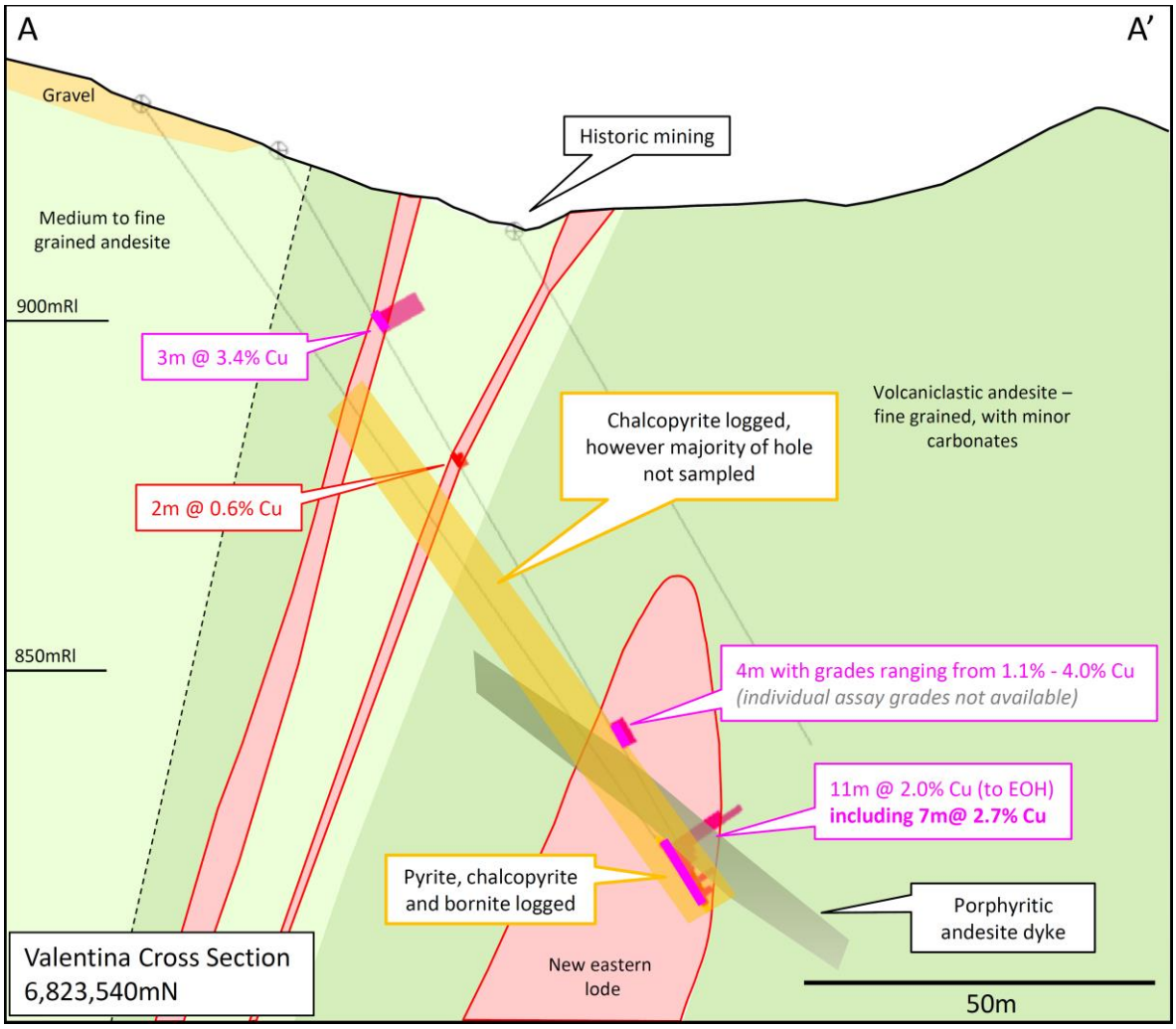

Figure 5 Cross Section 6,823,540mN across the southern extent of Valentina displaying historical drilling intersections from selective sampling intervals

Copper mineralization at Valentina is hosted in a NNW-trending fault corridor and associated NW and NNE-trending splay faults. Several other NW to NNE-trending lines of narrow fault-hosted copper mineralisation are evident at surface.

Mineralisation at surface is evident in coherent to volcaniclastic andesitic rocks and feldspar porphyry dykes. Oxide mineralisation was exploited underground at true widths of typically 1-2m, with local blow-outs +5m true width associated with fault intersections. Sulphide copper mineralisation, comprising chalcopyrite and bornite, is located within close proximity to surface as evident from historical drilling and underground channel sampling records.

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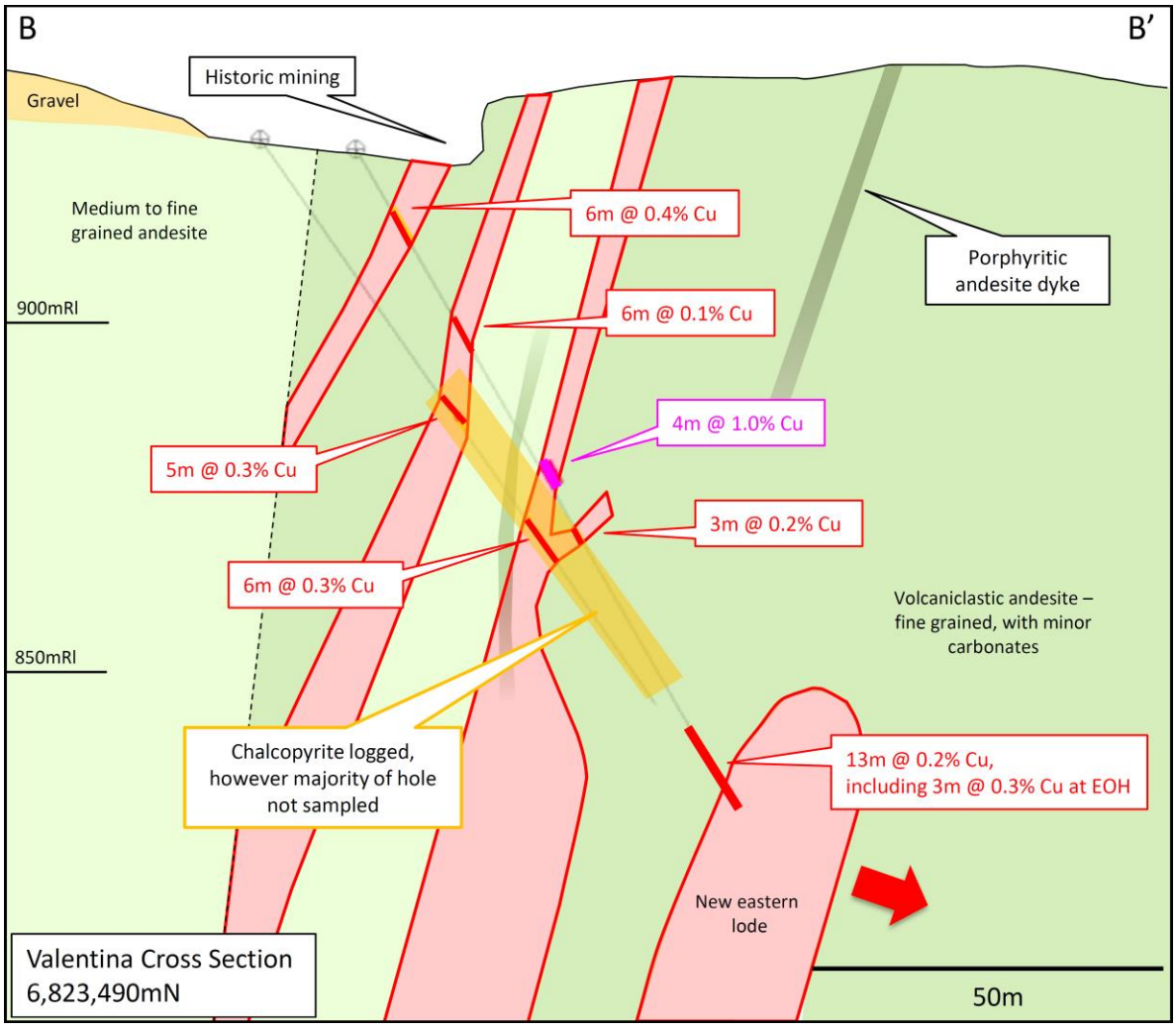

Figure 6 Cross Section 6,823,490mN across the southern most extent of Valentina displaying historical drilling intersections from selective sampling intervals

Valentina Non-Binding Letter of Intent Executed

Hot Chili's 100% owned subsidiary Sociedad Minera Frontera SpA (Frontera) has executed a non-binding LOI with a private party to earn a 90% interest in the Valentina landholding over a four-year period. The proposed JV involves an Option agreement whereby full ownership of 90% of the mining rights of the project will be transferred upon satisfaction of a payment of US$150,000 in 36 months and then a final payment of US$4,00,000 in 48 months.

In addition, Hot Chili will commit to complete 1,500m of any type of drilling within the first 12 months of the Option period, following execution of a formal agreement.

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Exploration by Frontera at Valentina shall be at its discretion and the owner will have the right to lease to any third party the exploitation of the mining rights with an annual cap of 50,000 tonnes of ore until exercise of the Option.

The LOI is subject to favourable legal due diligence along with agreement and approval of final terms of a formal agreement by the Board of Hot Chili.

For more information please contact:

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

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Qualifying Statements

JORC Compliant Ore Reserve Statement

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

Ore Type	Reserve Category	Tonnage	Grade			Contained Metal			Payable Metal		
		(Mt)	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 Cu (%)	Au (g/t)	Mo (ppm)	Contained Metal 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
	Sub-total	*218.7*	*0.48*	*0.10*	*142*	*1,059,000*	*708,000*	*31,000*
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
	Sub-total	*17.9*	*0.41*	*0.04*	*39*	*73,000*	*23,000*	*700*
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.

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

			Grade			Contained Metal		
Deposit	Classification	Tonnage (Mt)	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
	Sub-total	*201.6*	*0.16*	*0.04*	*60*	*320,000*	*241,000*	*12,000*
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
	Sub-total	*16.4*	*0.13*	*0.02*	*27*	*22,000*	*9,000*	*400*
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
	Total	***218.0***	***0.16***	***0.04***	***58***	***341,000***	***250,000***	***13,000***

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.

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	• *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 submarine nodules) may warrant disclosure of detailed information.*	Historic drilling, underground development and mine production as relates to the Valentina project was compiled from historical documents. The standard protocols used by the various companies for drilling, sampling, spatial position, assay determination and QA/QC results (if any) are unavailable or limited. Hot Chili Limited ("the Company") has not been able to verify the location, orientation, splitting or sampling methods, analytical technique or any QA/QC related to the reported drill hole samples. The Company is not currently aware of any retained relevant drill hole samples or sample photographs that relate to the reported drilling results. To the Company's knowledge, the drilling results provided in this report were drilled in two periods; initially Chilean government company ENAMI (Empresa Nacional de Mineria) completed 4 drill holes in 1993, and then a later drilling programme by company Minera Tauro (between 1998 and 2002) completed 4 further holes. Method of drilling is unclear, but there is some indication that at least some of these holes were drilled via diamond drilling. Where sampling data exists, sample are in 1m lengths. Method of sample splitting is unknown. Limited geological logging data is available for some of the historic drill holes. Hot Chili Limited ("Hot Chili" or the "Company") has undertaken surface chip sampling. Samples were taken by geologists from existing workings, or 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). The sampling techniques used are deemed appropriate for early stage exploration and this type of mineralisation
Drilling techniques	• *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).*	To the Company's best knowledge, the drilling results provided in this report were drilled in two periods; initially Chilean government company ENAMI (Empresa Nacional de Mineria) completed 4 drill holes in 1993, and then a later drilling programme by company Minera Tauro (between 1998 and 2002) completed 4 further holes. Method of drilling is unclear, but there is some indication that at least some of these holes were drilled via diamond drilling. Where sampling data exists, sample are in 1m lengths.

Criteria	JORC Code explanation	Commentary
		Drill size, as well as standard protocols used by previous companies are unknown.
Drill sample recovery	• *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.*	Recovery, splitting method, sample condition, representivity of historic samples and any relationship between grade, recovery or sample weight is unknown and has not be verified by the Company. The standard protocols used by previous companies for either drilling or surface sampling is unknown. The Company is not aware of any effective twinned drilling at the project.
Logging	• *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.*	All Hot Chili samples were logged using company logging standards. The Company is not aware of any retained relevant historic drill samples or sample photographs that related to the reported historic drilling or surface results. The reported results are for historical context and exploration purposes only, and are not under consideration for any Mineral Resource, mining study or metallurgical study. The total length of the relevant mineralised interval(s) is provided in the main body of the report.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *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*	The final results of the final Hot Chili surface rock chip programme are still outstanding. All samples were submitted to ALS Coquimbo for multi-element analysis. The sample preparation included: 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, 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). Standard protocols used by previous companies for either drilling or surface soil sampling is unknown. The Company has not been able to verify the historic location, orientation, splitting or sampling methods, analytical technique or any QA/QC related to the reported historic drill hole.

Criteria	JORC Code explanation	Commentary
	grain size of the material being sampled.	The reported results are for historical context and exploration purposes only, and are not under consideration for any Mineral Resource, mining study or metallurgical study.
Quality of assay data and laboratory tests	• *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.*	The final results of the final Hot Chili surface rock chip programme are still outstanding. All Hot Chili samples were assayed by industry standard methods through commercial laboratories in Chile (ALS Coquimbo): 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. 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 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. Historic drilling, underground development and mine production was compiled for the Valentina project is from historical documents. The standard protocols used by the various companies for drilling, sampling, spatial position, assay determination and QA/QC results (if any) are unavailable or limited. The Company has not been able to verify the historic location, orientation, splitting or sampling methods, analytical technique or any QA/QC related to the reported historic drill hole. The Company has yet to establish repeatability, bias or overall quality of these historic data set.
Verification of sampling and assaying	• *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.*	No verification of historic drilling sampling or assaying has been undertaken in the Company. The Company is not aware of any effective twinned drilling at the project. The Company is not aware of any relevant retained historic samples or sample photographs that related to the reported drilling results.

Criteria	JORC Code explanation	Commentary
	• *Discuss any adjustment to assay data.*	No adjustments were made to the historical data as supplied to the Company. The Company is unable to verify if any adjustments were made to the data prior to receipt. Limited adjustments are 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 %.
Location of data points	• *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.*	The location of Hot Chili samples was via handheld GPS in WGS84 UTM zone 19S. The method of historic coordinate capture for drill collars and surface sampling is unknown. The method of downhole survey is unknown. Drill collars and surface sample location were provided to the Company as part of a historic data compilation and appear to have been provided in the PSAD56 UTM coordinate system. These were transformed by the company to WGS84 UTM zone 19S via the following method (PSAD easting minus 184.13m, PSAD northing minus 375.38m). This shift is considered appropriate for the project location and early nature of exploration.
Data spacing and distribution	• *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.*	The surface rock chips sample spacing was variable due to the preliminary stages of exploration and outcrop occurrence. The historic drilling at the Valentina project is very limited with sections spaced north-south between 40m and 50m, with the majority of the drilling dipping east. Much of drilling data (as provided) was in equal sample lengths (1m), in other cases some of the reported compiled intercepts were from historic sections, where only a full length intercept grade was provided. The company is not aware if such grades are composited or weighted. No adjustments were made to the historical data as supplied to the Company. The Company is unable to verify if any adjustments were made to the data prior to receipt. The reported results are for historical context and exploration purposes only, and are not under consideration for any Mineral Resource, mining study or metallurgical study.

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *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.*	A list of the historic drillhole(s) and orientations as reported with significant intercepts is provided in the main body of the report. The location of the surface sampling is provided in images in the main body of the report. Considering the types of mineralisation at the projects and the drilling orientation, apparent sampling is considered to be adequate in its representation for exploration reporting purposes.
Sample security	• *The measures taken to ensure sample security.*	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. The standard protocols used by previous companies for either drilling or surface sampling is unknown.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	None completed.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *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.* • *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.*	Hot Chili, through its 100% owned subsidiary Sociedad Minera Frontera SpA ("Frontera"), executed a non-binding LOI with a private party to earn a 90% interest in the Valentina copper-gold project over a four-year period. The proposed JV involves an Option agreement over 2 exploitation leases (100ha), whereby full ownership of 90% of the mining rights of the project will be transferred upon satisfaction of a payment of US$150,000 in 36 months and then a final payment of US$4,000,000 in 48 months. In addition Frontera will commit to complete 1,500m of exploration drilling within the first 12 months of the Option period. Exploration by Frontera at Valentina shall be at its discretion and the owner will have the right to lease to any third party the exploitation of the mining rights with an annual cap of 50,000 tonnes of ore until exercise of the Option. Frontera also has other 100% owned leases around the project.

Criteria	JORC Code explanation	Commentary
		The location of the leases in the JV Option, as well those 100% owned, are shown in images in the main body of the report.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	The Valentina project has been privately owned since 1953. Minor surface mining has been undertaken by several operators over this time via lease from the owners. Historic drilling was undertaken in two periods; initially Chilean government company ENAMI (Empresa Nacional de Mineria) completed 4 drill holes in 1993, and then a later drilling programme by company Minera Tauro (between 1998 and 2002) completed 4 further holes. There is current mining activity at the project. There has been very limited exploration activity in areas beyond the Valentina mine.
Geology	• *Deposit type, geological setting and style of mineralisation.*	Copper mineralization at Valentina is hosted in a NNW-trending fault corridor and associated NW and NNE-trending splay faults, mapped over a ~600m strike length. Several other NW to NNE-trending lines of narrow fault-hosted copper mineralisation are evident at surface. The host rocks show chlorite-epidote-albite alteration. Mineralization is evident in coherent to volcaniclastic andesitic rocks and feldspar porphyry dykes. Oxide mineralization was exploited underground at true widths of typically ~1-2m, with local blow-outs >5m true width associated with fault intersections. Sulphide mineralization is also evident from drilling.

Drill hole Information	• *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:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *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.*
		Any quoted results in the main report body, from historic or previous company drilling or sampling programmes, has been provided for historic and qualitative purposes only.
		
		Any historic or previous company drilling results not included may be due to; a) uncertainty of result, location or other unreliability, b) yet to be assessed by the Company, c) unmineralised, d) unsampled or unrecorded, or e) not considered material.

Criteria	JORC Code explanation	Commentary
Data aggregation methods	• *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.*	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. Much of drilling data (as provided) was in equal sample lengths (1m), in other cases some of the reported compiled intercepts were from historic sections, where only a full length intercept grade was provided. The company is not aware if such grades are composited or weighted. No adjustments were made to the historical data as supplied to the Company. The Company is unable to verify if any adjustments were made to the data prior to receipt. No metal equivalent values have been reported.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *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').*	The relationship of mineralisation widths to the intercepts of any historic drilling or drilling undertaken by other previous companies is unknown. As such all significant intercepts shall be considered down hole lengths, true widths unknown.
Diagrams	• *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.*	Refer to figures in announcement.
Balanced reporting	• *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.*	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. There has been selective sampling of historic holes where mineralisation is observed. The grades (or lack thereof) in unsampled material is unknown. The confidence in reported historic assays, results or drill productions is unknown.

Criteria	JORC Code explanation	Commentary
		Any historic or previous company drilling results not included may be due to; a) uncertainty of result, location or other unreliability, b) yet to be assessed by the Company, c) unmineralised, d) unsampled or unrecorded, or e) not considered material.
Other substantive exploration data	• *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.*	Available data from historic or previous exploration parties includes some soil sampling, geological mapping, and historic production figures. As yet, the Company has not been able to verify the location, orientation, sampling methods, analytical technique or any QA/QC related to the reported drill hole or surface samples. The Company has not been able to verify historic production data.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Potential work across the Project may include detailed geological mapping and surface sampling, ground or airborne geophysics as well as confirmatory, exploratory or follow-up drilling.