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ASX Announcement

Thursday 8th March 2018

Miners Exploit Shallow High Grade Copper at San Antonio

Production Grades of 2.1% to 4.3% Copper from 20m Wide Zone

ASX CODE
HCH

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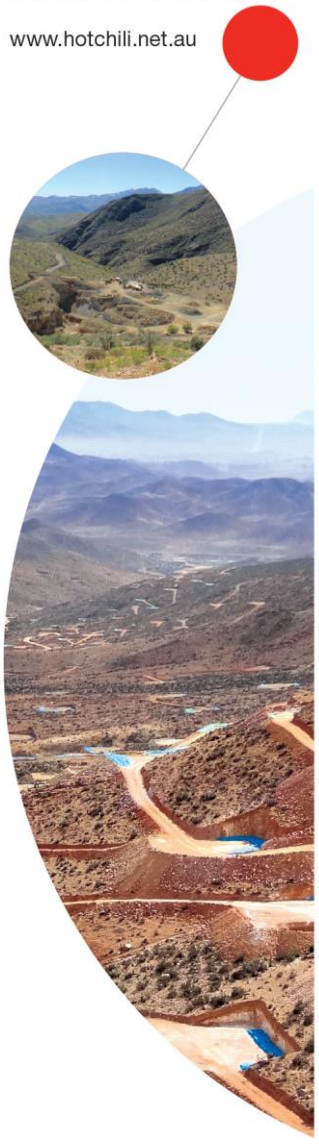
San Antonio Grade Continues to Stand Out

- The San Antonio mine area, part of Hot Chili's recently consolidated El Fuego copper project in Chile, is indicating potential for continuity of shallow, high grade copper mineralisation
- Small-scale underground lease mining operations (under a capped arrangement) have recorded **production grades ranging between 2.1% and 4.3% copper (weighted average grade of 3.1% copper)** over the past few months
- High grade copper ore (associated with chalcopyrite and bornite) is being **exploited from a 20 metre wide zone, located in the upper levels** (from near surface) of the northern extent of the San Antonio mine
- Production results are consistent with historical accounts that indicated the upper levels of the San Antonio mine produced higher grade sulphide ore, reportedly ranging between 3% and 3.5% copper from near-surface

San Antonio Soil Programme Points to Additional Strike Potential

- Results of a recently completed in-fill soil geochemical programme have refined the presence of several large-scale copper anomalies immediately south of the San Antonio mine area
- Importantly the main mineralised trend at San Antonio (already confirmed over 1km in strike extent) appears to be one of several +1km anomalies located in favourable host stratigraphy within El Fuego



Hot Chili Limited (ASX code HCH) ("Hot Chili" or "Company") is very pleased to report high grade copper production results from lease mining activities at the San Antonio mine, part of the Company's emerging El Fuego copper project.

San Antonio is quickly re-setting the Company's expectations of size and grade potential with production certificates from lease miners now beginning to indicate potential for continuity of higher grade sulphide copper ore at shallow depths over significant strike extents.

In addition, infill soil geochemical results have confirmed and refined several large-scale soil geochemical copper anomalies immediately to the south of San Antonio.

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San Antonio- Miners Provide Early Indications of Continuity

Hot Chili have received production certificates for various ore parcels recently extracted by lease mining activities (being undertaken under a capped arrangement) at the San Antonio copper mine, part of the El Fuego copper project, located at low altitude (800m) along the coastal range of Chile (Figure 1).

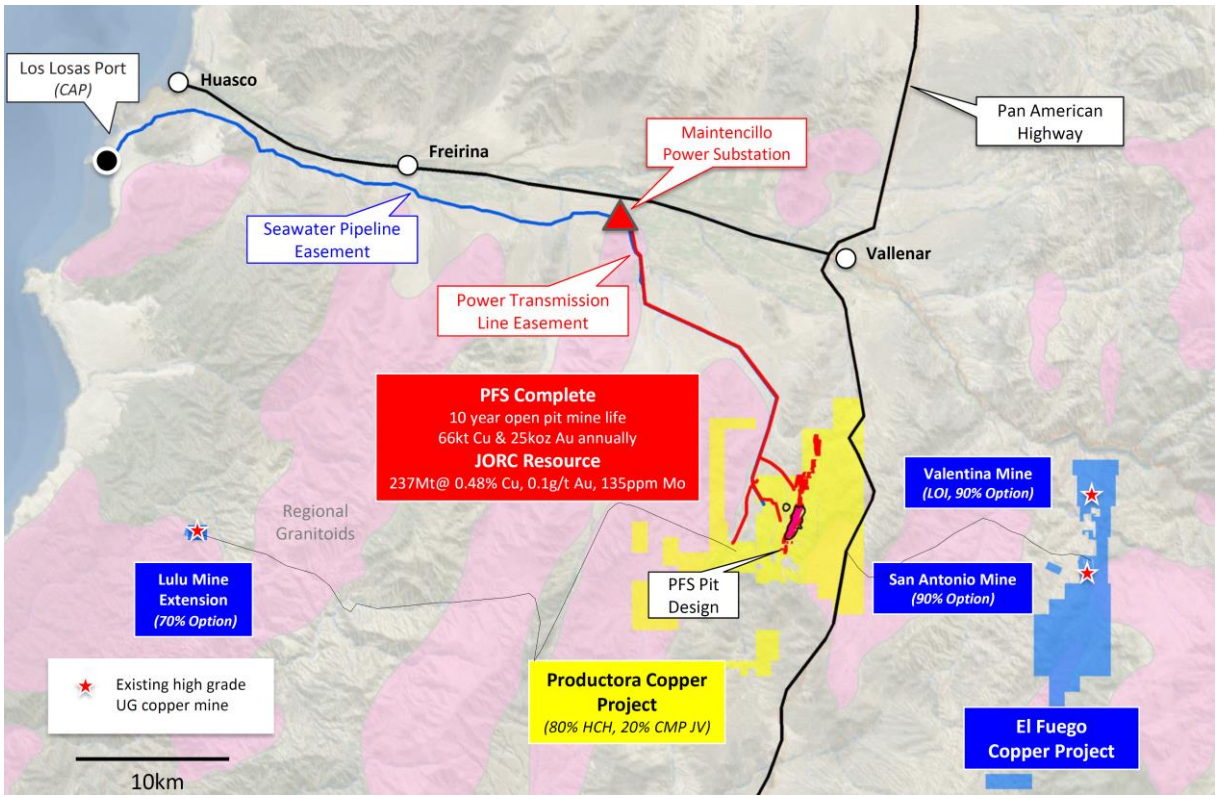

Figure 1 The new consolidated high grade El Fuego copper project in relation the Company's existing large-scale Productora copper project.

Under the terms of Hot Chili's 90% JV Option Agreement, the owner is able to lease the exploitation of a maximum of 50,000 tonnes per annum of ore from within the San Antonio mining rights during the four-year option period (see ASX release dated 8th November 2017).

Lease mining activities are currently underway along the southern and northern extents of the San Antonio mine with ore being processed through the nearby state-run Empresa Nacional de Mineria (ENAMI) copper processing facility located in the township of Vallenar.

Hot Chili has received new information relating to **lease mining being undertaken during the past few months across a 20 metre wide zone** located in the upper levels (surface to 40m depth) of the northern extent of San Antonio as shown on Figures 2, 3 and 4.

ENAMI certificates indicate that **sulphide ore parcels** delivered between November 2017 and February this year **ranged in grade between 2.1% and 4.3% copper with a weighted average grade of 3.1% copper being processed** as outlined in Table 1.

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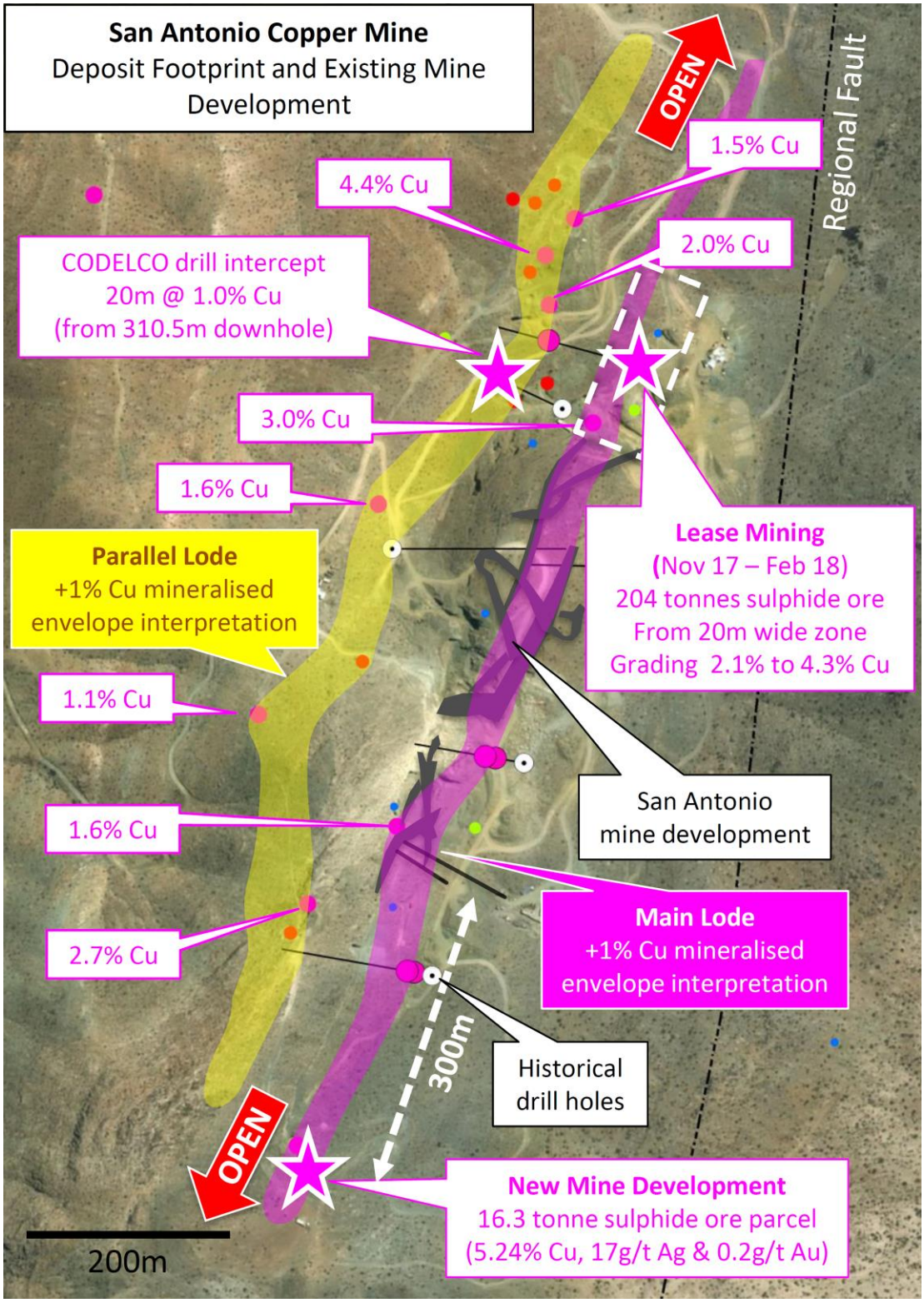

Figure 2 Recent lease mining, rock chip results and historical drilling intersections in relation to the Main Lode and Parallel Lode (San Antonio mining area), outlining over 1km strike.

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Table 1 ENAMI Certification of Sulphide Ore Parcels from Northern Extent of San Antonio in Comparison to QAQC Check Assays Completed by Lease Miners

ENAMI Vallenar				San Lorenzo Laboratorio Quimico QAQC Check		
Certificate Date	Certificate Number	Ore Parcel Weight (Tonnes)	Cu Insoluble (sulphide) (%)	Certificate Number	Cu Total (%)	Cu Insoluble (sulphide) (%)
14/11/2017	183694	28.92	**2.06**	CER-16/11/2017	2.41	**2.09**
21/11/2017	183855	27.84	**2.83**	CER-17/11/2017	2.96	**2.83**
24/11/2017	183975	34.89	**2.87**	CER-23/11/2017	3.03	**2.87**
29/01/2018	185228	25.79	**2.96**	CER-31/01/2018	3.19	**2.90**
2/02/2018	185342	19.17	**3.00**	CER-08/02/2018	3.33	**3.20**
8/02/2018	185473	25.17	**4.28**	CER-08/02/2018	4.51	**4.38**
13/02/2018	185564	27.08	**3.52**	CER-12/02/2018	3.86	**3.68**
12/02/2018	185532	15.36	**3.51**	CER-12/02/2018	3.54	**3.38**

Note: Lease miners have subjected ore parcels to hand sorting in an attempt to reduce waste material (internal dilution) prior to delivery to ENAMI. Lease miners estimate that waste material within the 20 meter wide zone being exploited is approximately 15%.

Figure 3 Lease mining operations underway across the northern extent of San Antonio

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This follows news last week that lease miners have confirmed a significant strike extension to known high grade copper mineralisation at San Antonio subsequent to completion of a shallow exploratory drive 300 metres south of the most southern extent of the existing San Antonio mine,

Ore extracted from this development drive and processed by ENAMI produced a **16.3 tonne sulphide ore parcel with a certified grade of 5.24% copper, 17g/t silver and 0.2g/t gold, demonstrating the presence of high grade, shallow (12 metres depth) copper mineralisation over 1km in strike length.**

While lease mining activities are only small-scale, the information produced is invaluable in providing further insight into the potential for direct mine extensions of high grade copper mineralisation.

San Antonio has already produced approximately 2Mt grading 2% copper and 0.2g/t gold and up to 15g/t silver from surface to a depth of 130m, with average development widths ranging between 7m and 30m.

Historical production records indicate sulphide copper grades of approximately 3% to 3.5% (associated with chalcopyrite and bornite as shown in Figure 5) were exploited in the upper levels of the underground, gradually decreasing to 1.5 to 2% at the base of development (130m vertical depth).

Recent lease mining activities provide further confidence in the potential for continuity of shallow higher copper grades across significant strike lengths at San Antonio.

Figure 4 View looking west across underground adit access on the northern extent of San Antonio

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Figure 5 Ore from lease miners ROM pad at San Antonio. High grade copper is associated with chalcopyrite and bornite within a vertically intruded diorite sill.

Infill Soil Geochemical Programme Confirms Additional Potential

Late in 2017, Hot Chili completed an in-fill surface soil sampling programme to confirm the presence of several +1km long soil copper anomalies which had been outlined by earlier exploration completed prior to Hot Chili executing its Option Agreement over the San Antonio landholding in November last year.

Results from this programme have now been received and compiled, confirming and refining the original copper soil anomalies that lie within favourable stratigraphy immediately south of the San Antonio copper mine.

In addition, preliminary reconnaissance mapping by Hot Chili resulted in a peak rock chip result of 0.9% copper and 40g/t silver being returned from outcropping copper-bearing veining from within the centre of the most southern copper soil anomaly.

Further work is planned to advance these targets with detailed litho-structural mapping as the Company builds up its exploration assessment of key areas of the El Fuego project.

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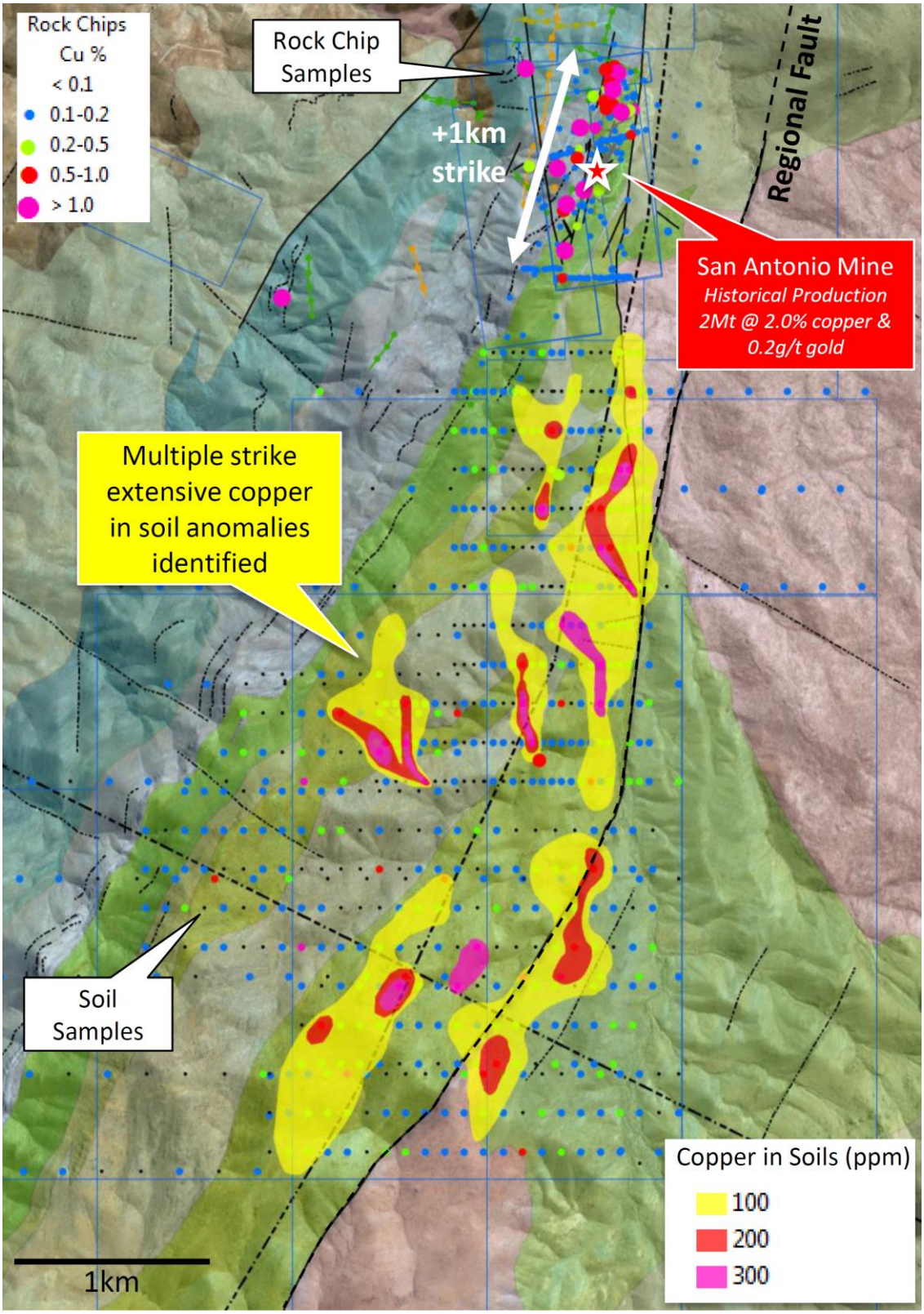

Figure 6 Location of several large soils geochemical copper anomalies located immediately to the south of San Antonio in relation to geology and fault architecture.

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More Results Expected in the Coming Weeks

Hot Chili is accelerating its exploration efforts across El Fuego as the Company prepares to finalise the design of a first pass drilling programme across multiple high priority targets.

Targets being refined by Hot Chili's team feature several high grade copper mines and mine extensions which have not previously been subjected to modern exploration or resource definition (owing to private ownership for several generations).

Historical small-scale mine production data from Valentina (located approximately 6km north of San Antonio) has been received and is currently being compiled and incorporated into the company's growing exploration datasets.

In addition, the Company is compiling detailed litho-structural mapping collected from a large surface mapping and sampling campaign recently completed over the San Antonio and Valentina landholdings. Results from approximately 400 surface samples collected during this campaign are expected to be released in the coming weeks.

For more information please contact:

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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			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
	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).

Criteria	JORC Code explanation	Commentary
		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. 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.

Criteria	JORC Code explanation	Commentary
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 grain size of the material being sampled.*	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. 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,*	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):

Criteria	JORC Code explanation	Commentary
	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.*	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.* • *Discuss any adjustment to assay data.*	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
		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.

Criteria	JORC Code explanation	Commentary
		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.
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. 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.

Criteria	JORC Code explanation	Commentary
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.

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*	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

Criteria	JORC Code explanation	Commentary
	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.*	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.

Criteria	JORC Code explanation	Commentary
		The confidence in reported historic assays, results or drill productions is unknown. 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.