



## ASX Announcement

Wednesday 14<sup>th</sup> March 2018

# Valentina Due Diligence Outlines Attractive Copper Potential

## *Historical Production Grades of 3.4% to 4.8% Copper from Shallow Depth*

### ASX CODE

HCH

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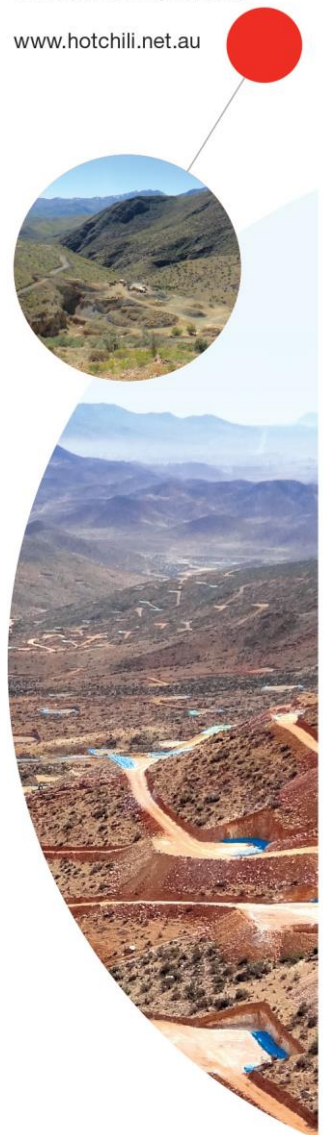
[www.hotchili.net.au](http://www.hotchili.net.au)

### Valentina Adds Third Shallow High Grade Target

- Positive technical due diligence of the Valentina landholding, part of Hot Chili's recently consolidated El Fuego copper project in Chile, has confirmed potential for shallow high grade copper mineralisation over substantial strike lengths
- Historical certified mine production data indicates that the **small-scale Valentina underground mine extracted sulphide ore parcels with grades ranging between 3.4% and 4.8% copper (weighted average grade of 4.0% copper)** in 1997
- Widths of mineralisation within the Valentina mine area range between 1 and 5 metres locally with surface and underground mine development centred across 230 metres of strike length
- Seven historical drill holes across the mine area, which included an **end-of-hole significant drill intersection of 11m grading 2.0% copper (including 7m grading 2.7% copper)** from 120m down-hole, **have not been followed-up**
- Surface XRF results and mapping have defined **over 700 metres of strike potential along the main Valentina trend** in addition to a secondary high grade copper trend
- Assay results from recently completed detailed mapping and sampling across San Antonio and Valentina are expected to be returned in the coming week
- Access and first-pass drill planning to test multiple high priority targets defined across El Fuego (San Antonio, Valentina and Lulu) to commence in the coming weeks

Hot Chili Limited (ASX code HCH) ("Hot Chili" or "Company") is pleased to announce positive technical due diligence across the Valentina landholding - part of the Company's growing El Fuego copper project, located 5km north of the San Antonio copper mine.

Significantly, Hot Chili's work has confirmed yet another stranded, shallow, high grade copper mine which has seen little modern exploration and is within trucking distance of the Company's neighbouring large-scale Productora copper project.



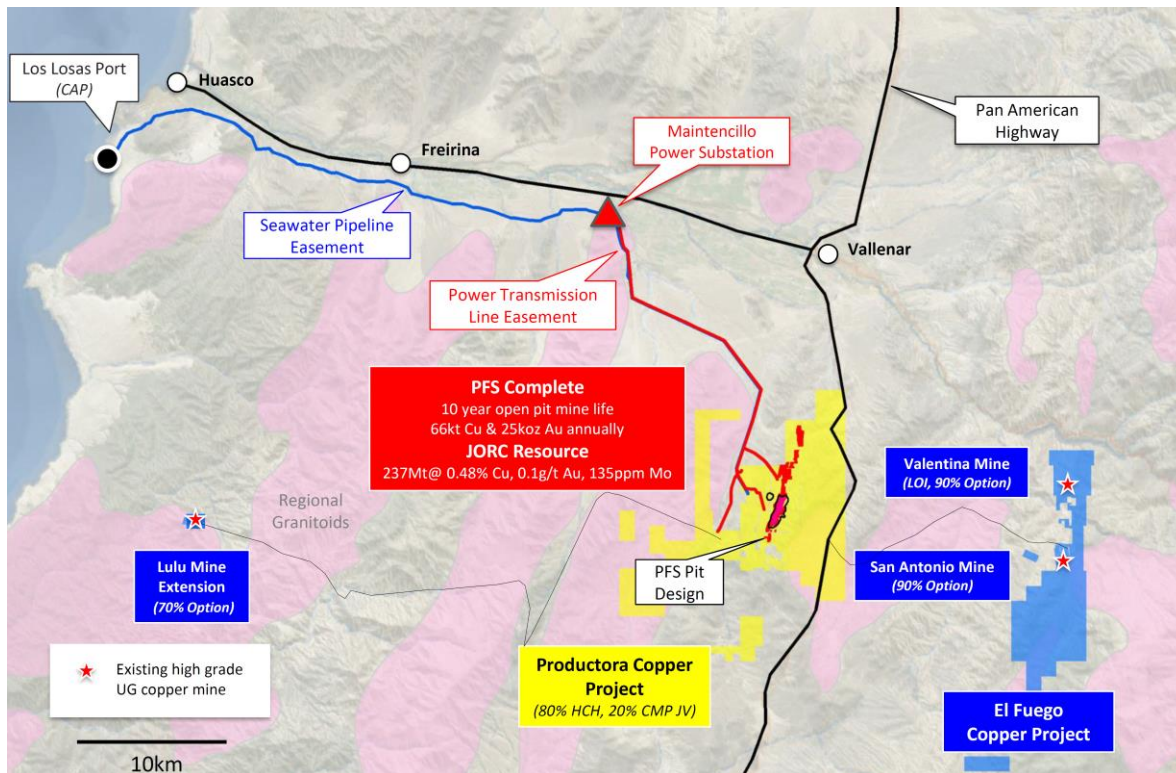


The Company is now moving to complete final legal due diligence in preparation for execution of a formal agreement to earn a 90% interest in Valentina over a four-year Option period (as announced to ASX 21st February 2018).

## Positive Due Diligence Validates Valentina Potential

Valentina is set to rank highly within a growing list of priority targets being assessed for first drilling by Hot Chili across El Fuego.

Due diligence work completed by Hot Chili has confirmed Valentina as a third potential high grade copper opportunity (following San Antonio and Lulu) to define potential resources from a shallow high grade copper mine which has been privately owned for several decades (Figure 1).



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

Copper mineralisation at Valentina is fault hosted within a sequence of andesites and volcanoclastics that have been locally intruded by felsic porphyry dykes. High grade copper sulphide mineralisation is present from near surface and is associated with chalcopyrite and bornite.

Certified historical mine production data from 1997 (Table 1), when the shallow (40m development depth) small-scale Valentina underground mine was in operation, has revealed that **sulphide ore parcels ranged in grade between 3.4% and 4.8% copper (weighted average grade of 4.0% copper)**. Underground and surface data indicates ore was extracted over widths ranging between 1 and 5 metres.



**Table 1 Historical ENAMI Certification of Sulphide Ore Parcels from Valentina Underground Copper Mine.**

ENAMI Vallenar					
Certificate Date	Certificate Number	Ore Parcel Weight (Tonnes)	Cu Insoluble (Sulphide) (%)	Cu Soluble (Oxide) (%)	Acid Consumption (kg/t)
14/05/1997	71022	12.60	3.41		
30/05/1997	71154	12.73	4.83		
3/06/1997	71184	13.50	4.48		
10/07/1997	71473	13.66	3.68		
11/07/1997	71477	14.58	3.75		
15/07/1997	71512	10.65	3.55		
18/07/1997	71585	15.81		3.00	5.95
4/08/1997	71726	15.78		2.25	7.74

Historical production certificates also indicated low acid consumption (6.0 to 7.7 kg/t) for some minor quantities of copper oxide ore material processed.

Surface workings and underground mine development extends over approximately 230 metres of strike length within the Valentina mine area, within a broader zone which has been confirmed by mapping and sampling over a total of 700m strike extent. Importantly the southern extension of the mine area is masked by shallow gravel cover as displayed in figure 2.

In addition, mapping and sampling has confirmed a second zone of fault hosted mineralisation, approximately 140m long and located north of the Valentina mine area.

Integration of underground development information and historical drilling data from within the mine area has provided a clearer view of the immediate high grade copper potential identified for planned drill testing.

Seven historical drill holes completed by the state-run company Empresa Nacional de Minería (ENAMI) in 1993 over the southern extent of the mine area have never been effectively followed up. The drilling outlines the location of a new and potentially wider eastern lode alongside the main Valentina lodes as displayed in Figure 3 and 4.

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.**

Although these drill holes were only selectively sampled, historical logging records indicate that broad zones of sulphide mineralisation were encountered and is open along strike as well as up and down-dip (Figure 5).



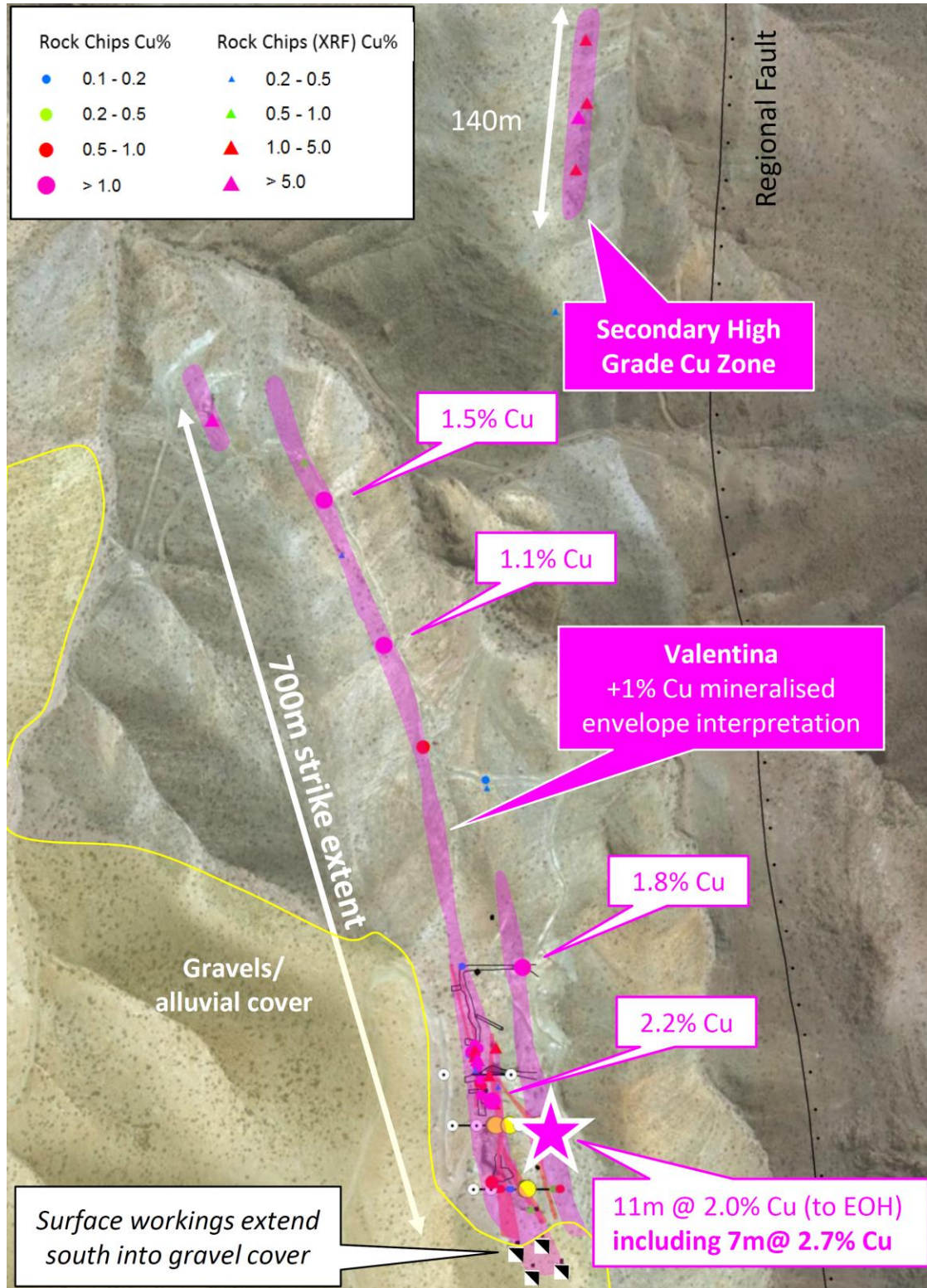


Figure 2 Plan view of the Valentina landholding, orphaned significant drilling intersections and surface results of high grade copper mineralisation trends as confirmed by Hot Chili's exploration team.







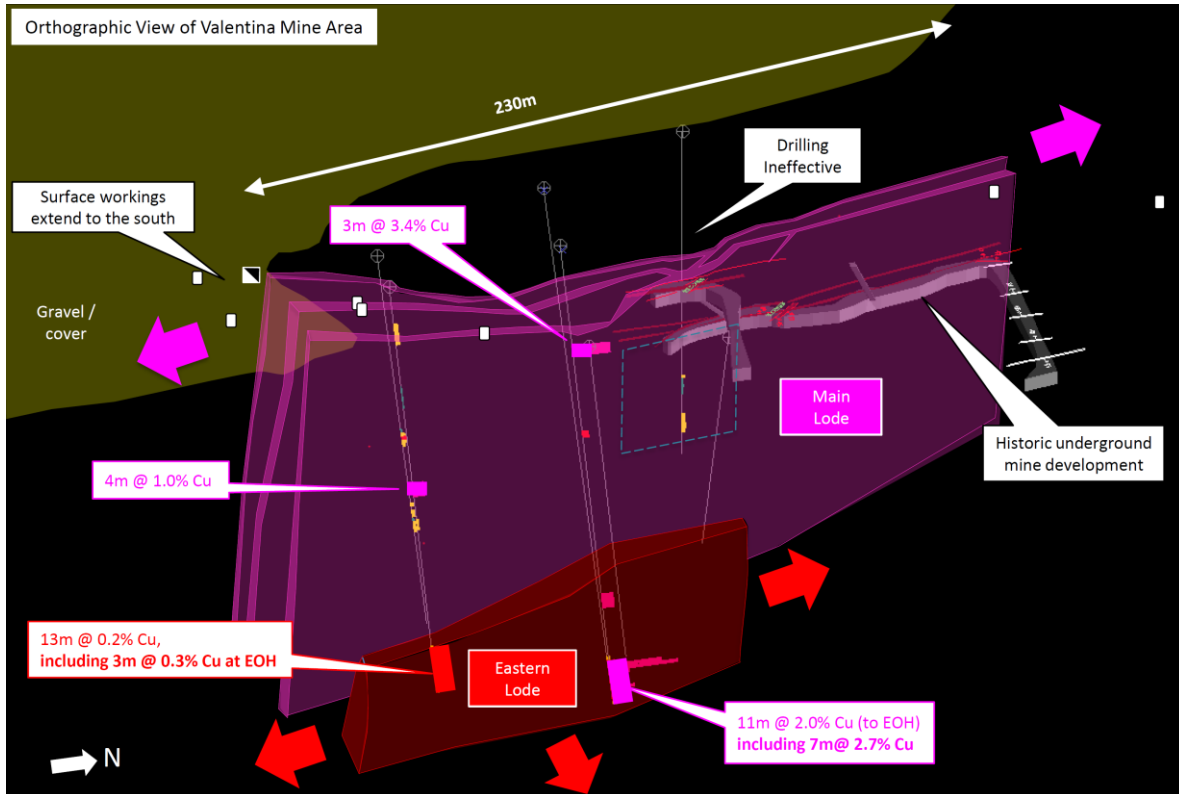


Figure 4 Oblique view of integrated data (underground and drilling) across the Valentina mine area outlining interpreted copper mineralisation and remaining extensional potential

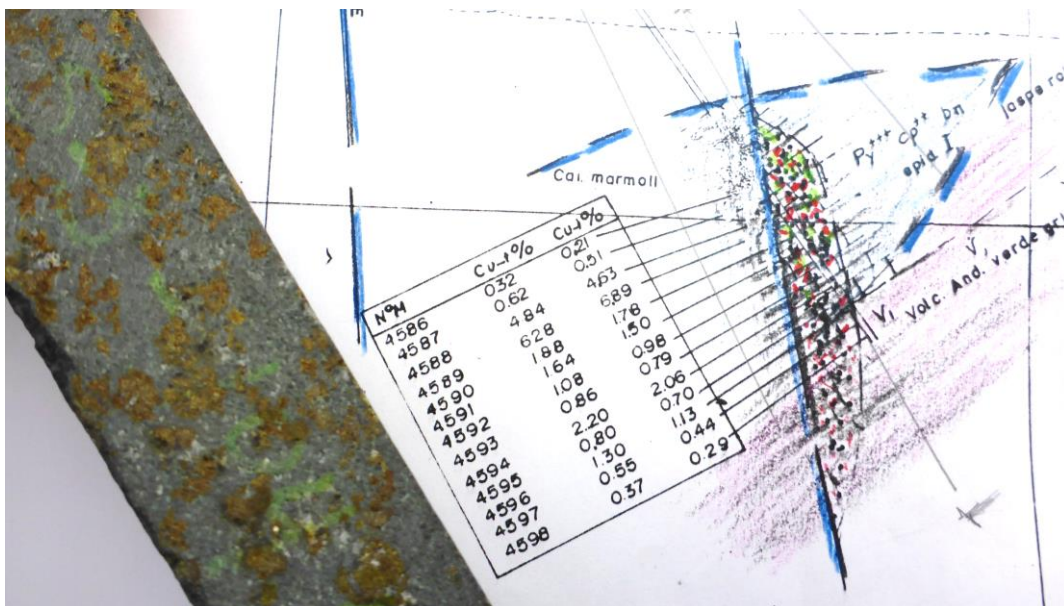


Figure 5 Half core sample of a historical drilling intersection at Valentina which recorded 11m grading 2.0% copper from 129m down-hole to end-of-hole (including 7m grading 2.7% copper).



## **Further Results Expected**

Hot Chili has reported regular exploration progress over its emerging El Fuego copper project as the Company prepares to finalise the design of a first pass drilling programme across multiple high priority targets.

Two underexplored high grade copper mines (San Antonio and Valentina) and an extension to one of the regions most substantial underground copper mines (Lulu) are the focus for initial drill testing.

Access and first-pass drill design will be commenced in the coming weeks following receipt and compilation of approximately 400 assay results from recently completed detailed mapping and sampling across San Antonio and Valentina.

Opportunities for further consolidation of the Company's growing El Fuego copper project continue to be assessed.

Further results and exploration updates are expected in 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 2<sup>nd</sup> 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
<b>Total</b>	<b>Probable</b>	<b>166.9</b>	<b>0.43</b>	<b>0.09</b>	<b>138</b>	<b>716,800</b>	<b>470,700</b>	<b>23,100</b>	<b>562,900</b>	<b>191,900</b>	<b>11,200</b>

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 2<sup>nd</sup> 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
	<b>Sub-total</b>	<b>218.7</b>	<b>0.48</b>	<b>0.10</b>	<b>142</b>	<b>1,059,000</b>	<b>708,000</b>	<b>31,000</b>
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
	<b>Sub-total</b>	<b>17.9</b>	<b>0.41</b>	<b>0.04</b>	<b>39</b>	<b>73,000</b>	<b>23,000</b>	<b>700</b>
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
	<b>Total</b>	<b>236.6</b>	<b>0.48</b>	<b>0.10</b>	<b>135</b>	<b>1,132,000</b>	<b>730,000</b>	<b>32,000</b>

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 2<sup>nd</sup> 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"> <li><i>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.</i></li> <li><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> <li><i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></li> <li><i>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.</i></li> </ul>	<p>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.</p> <p>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.</p> <p>The Company is not currently aware of any retained relevant drill hole samples or sample photographs that relate to the reported drilling results.</p> <p>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 Minería) 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.</p> <p>Limited geological logging data is available for some of the historic drill holes.</p> <p>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).</p>

Criteria	JORC Code explanation	Commentary
		The sampling techniques used are deemed appropriate for early stage exploration and this type of mineralisation
<i>Drilling techniques</i>	<ul style="list-style-type: none"> <li>• <i>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).</i></li> </ul>	<p>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 Minería) 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.</p> <p>Drill size, as well as standard protocols used by previous companies are unknown.</p>
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <li>• <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> <li>• <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li>• <i>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.</i></li> </ul>	<p>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.</p> <p>The standard protocols used by previous companies for either drilling or surface sampling is unknown.</p> <p>The Company is not aware of any effective twinned drilling at the project.</p>
<i>Logging</i>	<ul style="list-style-type: none"> <li>• <i>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.</i></li> <li>• <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></li> <li>• <i>The total length and percentage of the relevant intersections logged.</i></li> </ul>	<p>All Hot Chili samples were logged using company logging standards.</p> <p>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.</p> <p>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.</p> <p>The total length of the relevant mineralised interval(s) is provided in the main body of the report.</p>



Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>• <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li>• <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li> <li>• <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li>• <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li>• <i>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.</i></li> <li>• <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul>	<p>The final results of the final Hot Chili surface rock chip programme are still outstanding.</p> <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> <p>Standard protocols used by previous companies for either drilling or surface soil sampling is unknown.</p> <p>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.</p> <p>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.</p>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>• <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li> <li>• <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model,</i></li> </ul>	<p>The final results of the final Hot Chili surface rock chip programme are still outstanding.</p> <p>All Hot Chili samples were assayed by industry standard methods through commercial laboratories in Chile (ALS Coquimbo):</p>

Criteria	JORC Code explanation	Commentary
	<p><i>reading times, calibrations factors applied and their derivation, etc.</i></p> <ul style="list-style-type: none"> <li><i>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.</i></li> </ul>	<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 &gt;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.</p> <p>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> <p>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.</p> <p>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.</p> <p>The Company has yet to establish repeatability, bias or overall quality of these historic data set.</p>
Verification of sampling and assaying	<ul style="list-style-type: none"> <li><i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li><i>The use of twinned holes.</i></li> <li><i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li><i>Discuss any adjustment to assay data.</i></li> </ul>	<p>No verification of historic drilling sampling or assaying has been undertaken in the Company.</p> <p>The Company is not aware of any effective twinned drilling at the project.</p> <p>The Company is not aware of any relevant retained historic samples or sample photographs that related to the reported drilling results.</p>

Criteria	JORC Code explanation	Commentary
		<p>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.</p> <p>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 %.</p>
<i>Location of data points</i>	<ul style="list-style-type: none"> <li><i>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.</i></li> <li><i>Specification of the grid system used.</i></li> <li><i>Quality and adequacy of topographic control.</i></li> </ul>	<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> <p>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.</p>
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li><i>Data spacing for reporting of Exploration Results.</i></li> <li><i>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.</i></li> <li><i>Whether sample compositing has been applied.</i></li> </ul>	<p>The surface rock chips sample spacing was variable due to the preliminary stages of exploration and outcrop occurrence.</p> <p>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.</p> <p>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.</p>

Criteria	JORC Code explanation	Commentary
		<p>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.</p> <p>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.</p>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li><i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li><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></li> </ul>	<p>A list of the historic drillhole(s) and orientations as reported with significant intercepts is provided in the main body of the report.</p> <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 sampling is considered to be adequate in its representation for exploration reporting purposes.</p>
<i>Sample security</i>	<ul style="list-style-type: none"> <li><i>The measures taken to ensure sample security.</i></li> </ul>	<p>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.</p> <p>The standard protocols used by previous companies for either drilling or surface sampling is unknown.</p>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li><i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	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"> <li><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></li> <li><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></li> </ul>	<p>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.</p> <p>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.</p> <p>Frontera also has other 100% owned leases around the project.</p> <p>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.</p>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <li><i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul>	<p>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.</p> <p>Historic drilling was undertaken in two periods; initially Chilean government company ENAMI (Empresa Nacional de Minería) completed 4 drill holes in 1993, and then a later drilling programme by company Minera Tauro (between 1998 and 2002) completed 4 further holes.</p> <p>There is current mining activity at the project.</p> <p>There has been very limited exploration activity in areas beyond the Valentina mine.</p>

Criteria	JORC Code explanation	Commentary
<i>Geology</i>	<ul style="list-style-type: none"> <li><i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>	<p>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.</p> <p>Mineralization is evident in coherent to volcanoclastic andesitic rocks and feldspar porphyry dykes. Oxide mineralization was exploited underground at true widths of typically ~1-2m, with local blow-outs &gt;5m true width associated with fault intersections. Sulphide mineralization is also evident from drilling.</p>
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <li><i>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:</i> <ul style="list-style-type: none"> <li><i>easting and northing of the drill hole collar</i></li> <li><i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></li> <li><i>dip and azimuth of the hole</i></li> <li><i>down hole length and interception depth</i></li> <li><i>hole length.</i></li> </ul> </li> <li><i>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.</i></li> </ul>	<p>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.</p> <p>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.</p>
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <li><i>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.</i></li> <li><i>Where aggregate intercepts incorporate</i></li> </ul>	<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>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</p>

Criteria	JORC Code explanation	Commentary
	<p><i>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.</i></p> <ul style="list-style-type: none"> <li><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></li> </ul>	<p>intercept grade was provided. The company is not aware if such grades are composited or weighted.</p> <p>No adjustments were made to the historical data as supplied to the Company.</p> <p>The Company is unable to verify if any adjustments were made to the data prior to receipt.</p> <p>No metal equivalent values have been reported.</p>
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <li><i>These relationships are particularly important in the reporting of Exploration Results.</i></li> <li><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></li> <li><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></li> </ul>	<p>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.</p>
<i>Diagrams</i>	<ul style="list-style-type: none"> <li><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></li> </ul>	<p>Refer to figures in announcement.</p>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li><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></li> </ul>	<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>There has been selective sampling of historic holes where mineralisation is observed. The grades (or lack thereof) in unsampled material is unknown.</p>

Criteria	JORC Code explanation	Commentary
		<p>The confidence in reported historic assays, results or drill productions is unknown.</p> <p>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.</p>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li><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></li> </ul>	<p>Available data from historic or previous exploration parties includes some soil sampling, geological mapping, and historic production figures.</p> <p>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.</p> <p>The Company has not been able to verify historic production data.</p>
<i>Further work</i>	<ul style="list-style-type: none"> <li><i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li> <li><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></li> </ul>	<p>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.</p>