

Hot Chili Limited

ACN 130 955 725

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ASX Announcement

9 May 2018

Company Announcements Office
Australian Securities Exchange

Cleansing Notice

Hot Chili Limited (**Company**) has today issued 98,378,610 ordinary fully paid shares (**Shares**) to be quoted on ASX at an issue price of \$0.03 per Share to raise approximately \$2,951,358 (before costs) pursuant to a placement to sophisticated and professional investors (as announced to ASX on 30 April 2018).

The Company gives the following cleansing notice under section 708A(5)(e) of the *Corporations Act 2001*(Cth) (**Corporations Act**) that:

1. The Shares were issued without disclosure to investors under Part 6D.2 of the Corporations Act.
2. As at the date of this notice, the Company has complied with:
 - (a) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
 - (b) section 674 of the Corporations Act.
3. As at the date of this notice, there is no information to be disclosed which is "excluded information", as defined in sections 708A(7) or 708A(8) of the Corporations Act.

Yours faithfully,

Christian Easterday
Managing Director
Hot Chili Limited

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Hot Chili Limited

ABN

91 130 955 725

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | 1. Fully paid ordinary shares
2. Unlisted options
3. Unlisted options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1. 98,378,610
2. 49,189,305
3. 3,000,000 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 1. The shares are fully paid ordinary shares in the capital of the company (Shares).
2. Options exercisable at 10c each on or before 31 May 2020 (Options).
3. Options exercisable at 10c each on or before 31 May 2020. |

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	1. Shares – Yes (HCH) 2. Options - No. The options will be a new class of unquoted options. Shares issued upon exercise of the options will rank equally in all respects with existing fully paid shares from the date of issue. 3. Options - No. The options will be a new class of unquoted options on the same terms as outlined in paragraph 2 above. Shares issued upon exercise of the options will rank equally in all respects with existing fully paid shares from the date of issue.
5 Issue price or consideration	1. Shares – 3c each 2. Options – The Options are free attaching options issued on the basis of 1 option for every 2 shares subscribed for under the placement announced by the Company to ASX on 30 April 2018 (Placement). The Options are offered pursuant to a prospectus lodged with ASIC and ASX on 2 May 2018. 3. The Options are issued for nil cash consideration to EverBlu Capital Pty Ltd, as a fee for services provided by EverBlu Capital Pty Ltd to the Company in connection with the Placement and the Offer. Refer the prospectus lodged with ASX on 2 May 2018.
6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	1. and 2. The funds raised by the placement will be used to initiate exploration and drilling activities across several outstanding high-grade project opportunities within the El Fuego copper project in Chili and for working capital. Refer the prospectus lodged with ASX on 2 May 2018. 3. To discharge the Company's obligations under the terms of a corporate advisory and capital raising mandate between the Company and EverBlu Capital Pty Ltd.

+ See chapter 19 for defined terms.

6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	29 November 2017
6c	Number of +securities issued without security holder approval under rule 7.1	1. 38,129,703 2. 49,189,305 3. 3,000,000
6d	Number of +securities issued with security holder approval under rule 7.1A	1. 60,248,907 2. Nil 3. Nil
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil
6f	Number of +securities issued under an exception in rule 7.2	Nil
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	VWAP = 3.237c Issue price = 3c Issue date = 8 May 2018 Source = Everblu Capital Pty Ltd
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/a
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	LR7.1- 1 LR7.1A - nil

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

7 ⁺Issue dates

Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.

Cross reference: item 33 of Appendix 3B.

9 May 2018

8 Number and ⁺class of all
⁺securities quoted on ASX
(*including* the ⁺securities in
section 2 if applicable)

Number	⁺ Class
700,922,040	Ordinary fully paid shares

⁺ See chapter 19 for defined terms.

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	Options ex. \$0.30 each on or before 27 June 2019
	11,000,000	Options ex. \$0.10 each on or before 6 September 2018
	8,000,000	Options ex. \$0.03333 each on or before 20 June 2019
	20,000,000	Unsecured convertible notes with a face value of \$100 each.
	113,009	Options ex. \$0.10 each on or before 31 May 2020
	52,189,305	
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/a

Part 2 - Pro rata issue

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the +securities will be offered	
14	+Class of +securities to which the offer relates	
15	+Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	
19	Closing date for receipt of acceptances or renunciations	

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	
25	If the issue is contingent on security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do security holders sell their entitlements <i>in full</i> through a broker?	
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	

+ See chapter 19 for defined terms.

- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Issue date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)
- (a) ☒ ⁺Securities described in Part 1 – (1. Ordinary fully paid shares only)
(2. Options are unlisted)
- (b) ☐ All other ⁺securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought					
39	+Class of +securities for which quotation is sought					
40	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment					
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another +security, clearly identify that other +security)					
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"><thead><tr><th style="padding: 5px;">Number</th><th style="padding: 5px;">+Class</th></tr></thead><tbody><tr><td style="height: 80px;"></td><td style="height: 80px;"></td></tr></tbody></table>	Number	+Class		
Number	+Class					

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Date: ...9 May 2018..
(Company secretary)

Print name:Lloyd Flint.....

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	543,080,278
Add the following: - Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 - Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval - Number of partly paid +ordinary securities that became fully paid in that 12 month period <i>Note:</i> - Include only ordinary securities here – other classes of equity securities cannot be added - Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed - It may be useful to set out issues of securities on different dates as separate line items	11,300,976 ratified 31 August 2017 766,800 approved 31 August 2017 5,972,847 ratified 29 November 2017 28,757,205 SPP 21 November 2017 6,511,789 approved 29 November 2017 6,099,183 approved 29 November 2017
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	602,489,078

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	90,373,361
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: - Under an exception in rule 7.2 - Under rule 7.1A - With security holder approval under rule 7.1 or rule 7.4 <i>Note:</i> <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i>	54,352 ordinary shares unable to be ratified 38,129,703 ordinary shares (the subject of this Appendix 3B) 49,189,305 options – (the subject of this Appendix 3B) 3,000,000 options – (the subject of this Appendix 3B)
“C”	90,373,360
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	90,373,361
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	90,373,360
Total [“A” x 0.15] – “C”	1 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	602,489,078
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	60,248,907
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of ⁺ equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i>	1. 60,248,907 ordinary shares – (the subject of this Appendix 3B)
“E”	60,248,907

⁺ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	60,248,907
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	60,248,907
Total [“A” x 0.10] – “E”	Nil <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.