



ASX Announcement

Monday 6th August 2018

Impressive Drill Results Confirm Large Extensional Discovery at San Antonio

Wide, High Grade Copper from Shallow Depth

ASX CODE

HCH

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Highlights

SAP0031 – **53m grading 0.9% copper from 72m down-hole depth**

(including 27m grading 1.3% copper)

SAP0019 – **10m grading 1.6% copper from 58m down-hole depth**

(including 4m grading 2.7% copper)

SAP0021 - **5m grading 2.5% copper from 31m down-hole depth**

(including 2m grading 4.3% copper)

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18m grading 1.3% copper from 52m down-hole depth

(including 5m grading 2.1% copper)

SAP0022 – **11m grading 1.6% copper from 83m down-hole depth**

- New drill results confirm the emergence of a large, high grade copper extensional discovery at San Antonio
- Accompanying silver results up to 82.5g/t indicate by-product credits
- Strong continuity is evident in recent results, with high grade copper mineralisation confirmed from shallow depth over approximately 700m
- Mineralisation remaining open at depth and along strike of the San Antonio mine area.
- Drill results from a further 23 drill holes at San Antonio and Valentina (including several high priority holes) are expected over the coming weeks
- Follow-up drill planning will be finalised once all results have been received

Drill results just received by Hot Chili Limited (ASX code HCH) (“Hot Chili” or “Company”) have continued to impress, confirming large, high grade extensions to the shallowly developed San Antonio copper mine in Chile.





San Antonio is quickly emerging as a high value copper discovery with each result expanding the deposit's potential size and importance for Hot Chili.

Hot Chili's Managing Director Christian Easterday said the results to date have exceeded expectations and mark a new phase in Hot Chili's growth.

"We are extremely pleased that our first drill programme has met with such success, confirming a potentially large, high grade copper deposit from surface at San Antonio" Easterday said

"Hot Chili has never before had access to substantial high grade ore sources that could be combined to sweeten the grade of our bulk tonnage, large-scale development at Productora.

"That has changed now.

"Together with Valentina, these two deposits have the potential to both add and unlock significant value for Hot Chili.

"Our consolidation strategy means that the impact of high grade growth is a steroid boost to our ambition to establish Hot Chili as the premier ASX-listed copper development company."

New Drill Results Expand San Antonio Discovery

The San Antonio copper mine forms part of the Company's new consolidated El Fuego copper project in Chile and is located 20km east of Productora as shown in Figure 1 below.

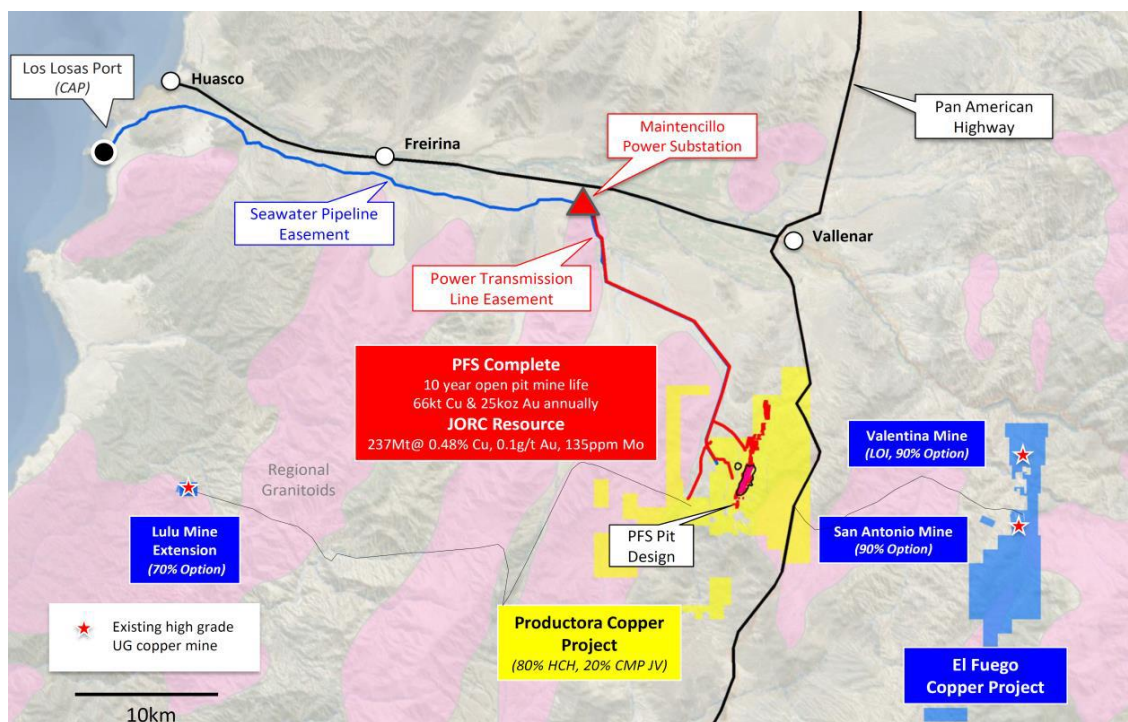


Figure 1 The new consolidated El Fuego copper project in relation the Company's existing large-scale Productora copper project.



The Company has now completed its first-pass 5,000m drilling programme across two recently consolidated high grade copper mines, which had seen little previous modern exploration owing to their private ownership for over 50 years.

The majority of drilling was directed towards San Antonio which had reportedly produced approximately 2M tonnes grading 2% copper and 0.3g/t gold and 17g/t silver from shallow depths since mining commenced in 1964.

In addition, an initial three drill holes were completed at the Valentina copper mine, located 5km north of San Antonio.

Recent drilling results along with multiple visual intersections of strong copper mineralisation (further results pending) have confirmed the discovery of significant extensions to high grade copper below the San Antonio mine area.

Importantly, high grade copper drilling intersections reported to date at San Antonio indicate:

1. **Copper sulphide mineralisation extends from shallow depth** (10m from surface) and is associated with chalcopyrite and bornite,
2. Mineralisation is dipping shallowly (30-40°) towards the east with the slope of the topography, representing **ideal conditions for low-strip ratio open cut mining potential**,
3. **Wider zones of mineralisation (20 to 30m true thickness)** present in the historical underground mine have now been **confirmed at depth by drilling** (SAP0031 - 53m grading 0.9% copper, 3g/t silver from 72m down-hole depth (*including 27m grading 1.3% copper, 3.9g/t silver*)),
4. **Strong continuity of drilling intersections** over 700m strike extent, with three in every 4 effective drill holes recording intersections of strong copper mineralisation over good widths, and
5. High grade copper mineralisation is open along strike and at depth, with **current dimensions already representing significant open pit resource potential**.

Hot Chili expects to soon receive results for the remaining half of the programme completed at San Antonio as well as the three holes completed at Valentina.

Success at Valentina would open up the possibility of discovering multiple, high grade copper ore sources along a 8km long corridor where Hot Chili has outlined a further ten large-scale, copper targets from its ongoing surface exploration efforts.

Once all drill results are received Hot Chili will finalise planning of the next phase of assessment, which will aim to rapidly establish initial resources at San Antonio while advancing Valentina and other selected high priority targets towards discovery.

Recent significant drilling intersections at San Antonio are displayed on figures 2, 3 and 4 below.



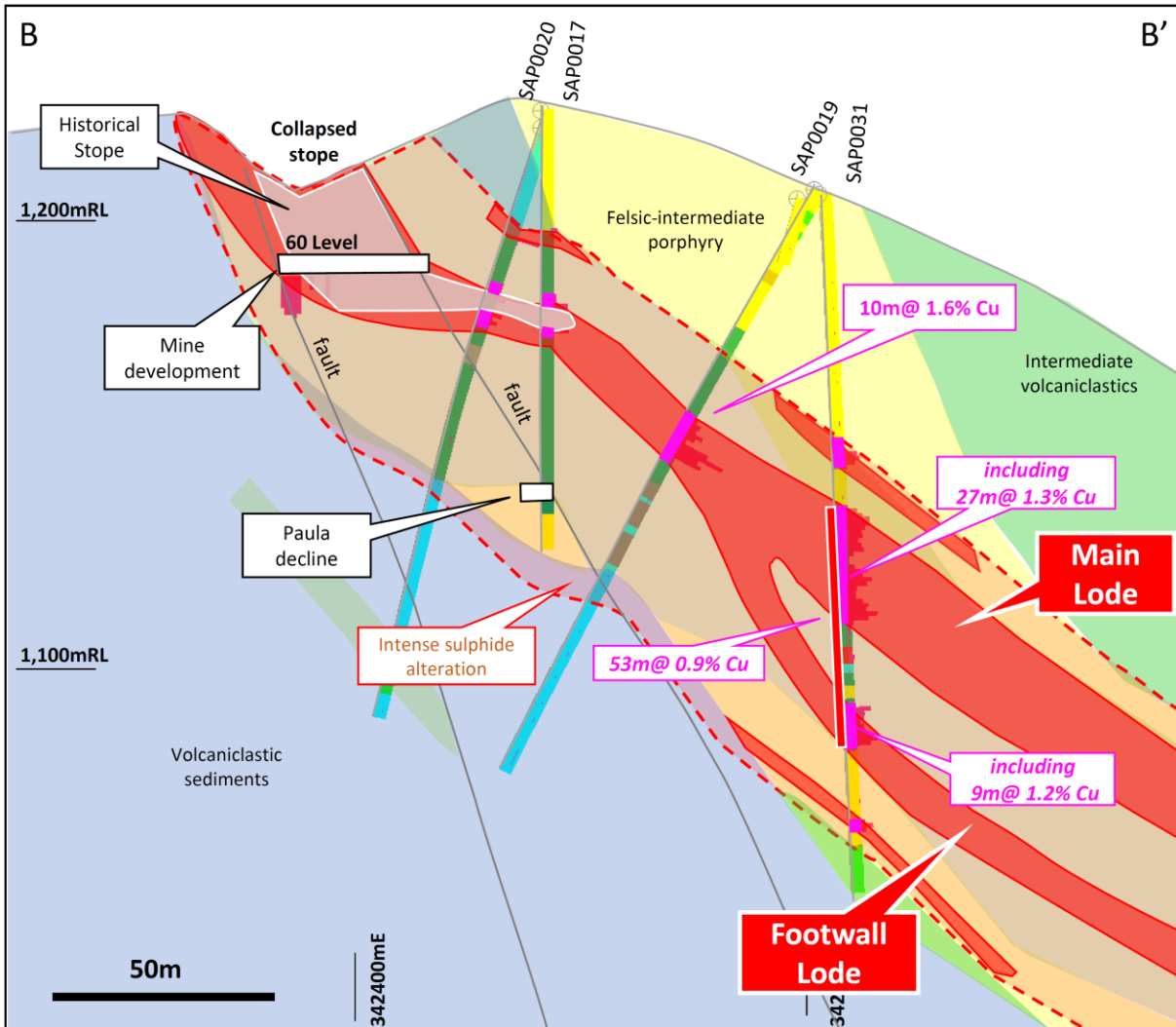


Figure 2 Cross Section (looking north) displaying the continuation of the San Antonio Main Lode below the existing underground mine development as confirmed by recent drill results. Note the shallow dip of high grade copper mineralisation and confirmation of wide high grade copper at depth in SAP0031.



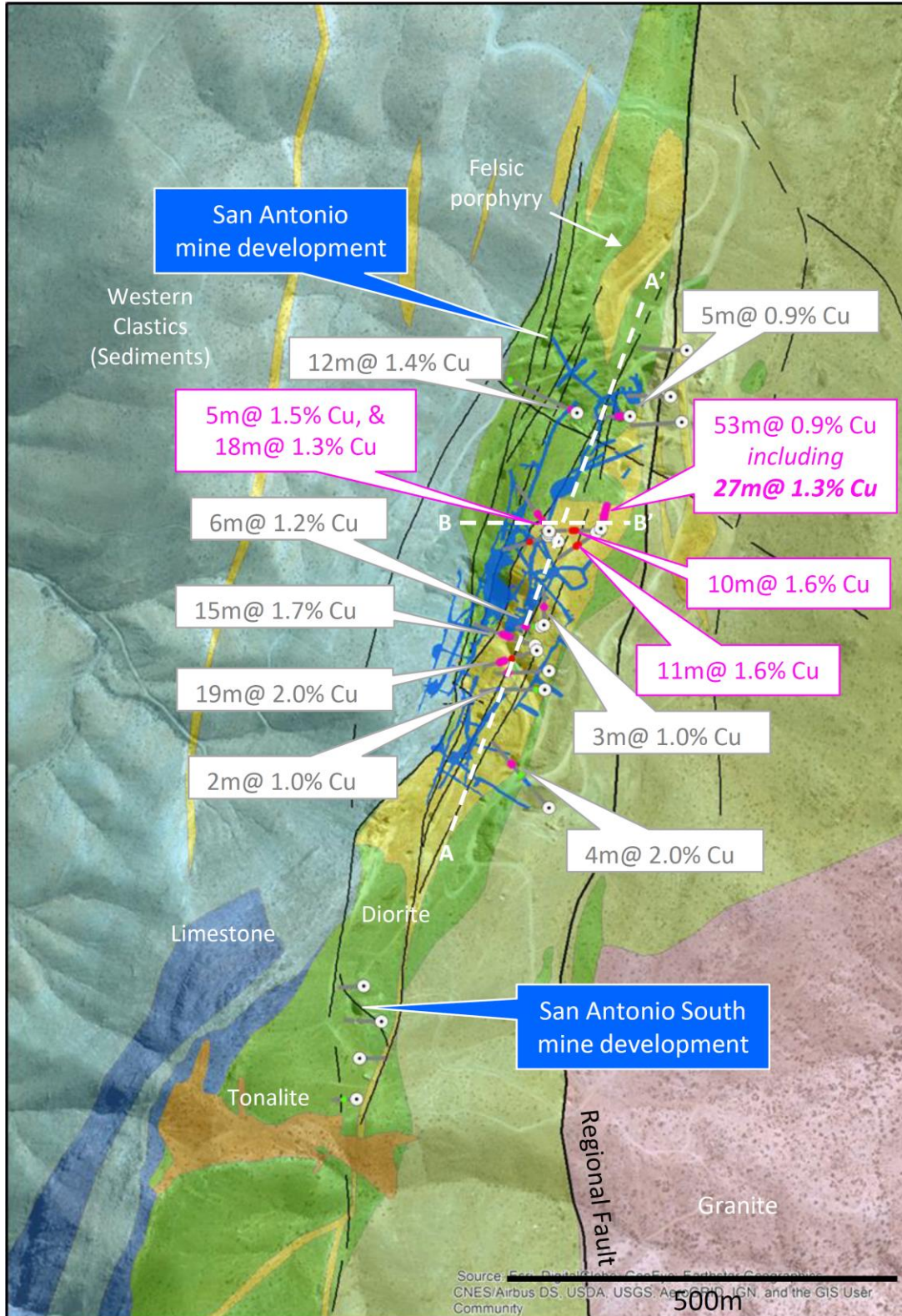


Figure 3 Plan displaying the location of drill holes in relation to the San Antonio underground development



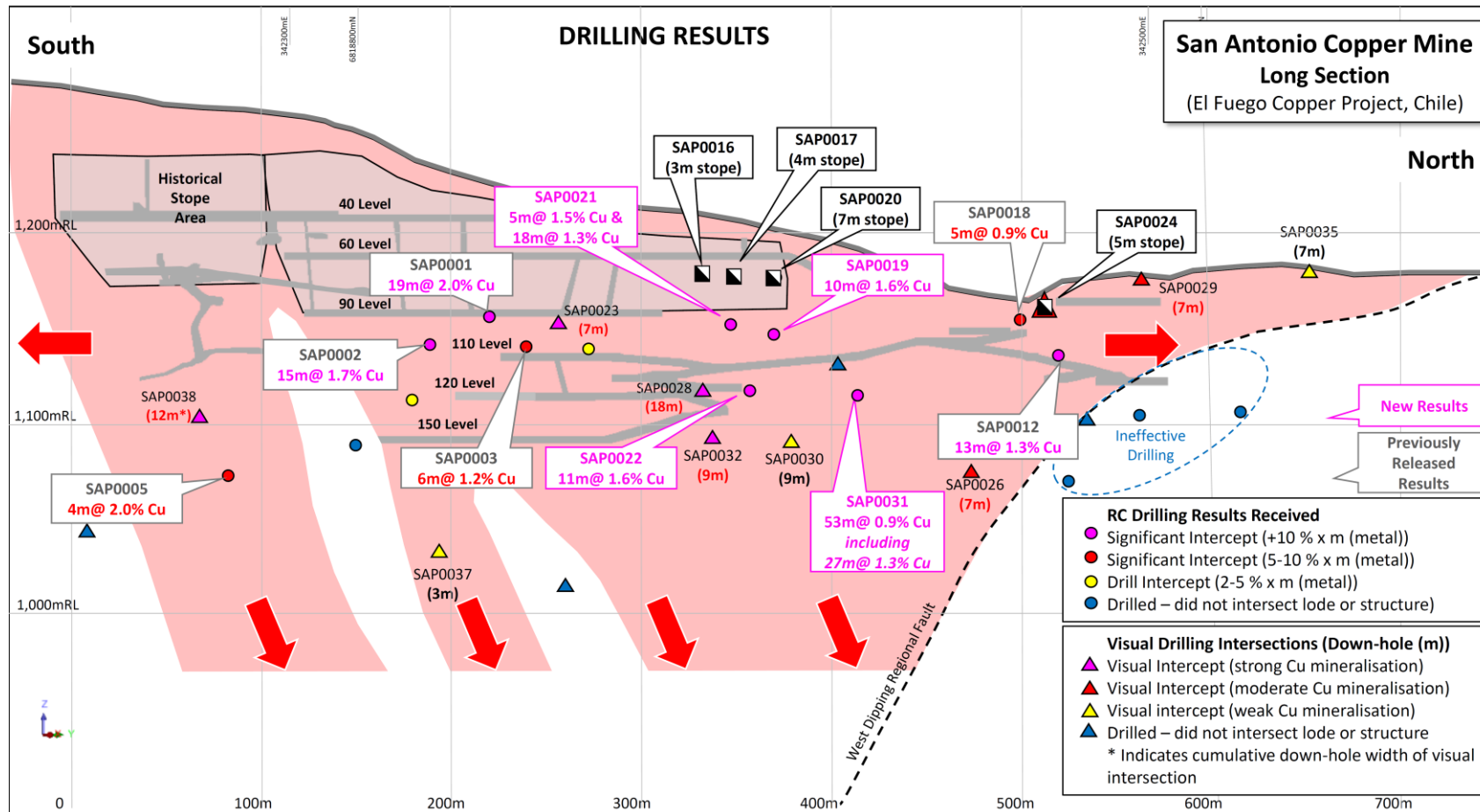


Figure 4 Long Section (looking west) displaying the pierce point locations of recently received drill results (circles) and visual drilling intersections (triangles- results pending) at San Antonio





The Directors of Hot Chili look forward to delivering more positive news flow as remaining results are received and the Company heralds a new and exciting phase of high grade growth.

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Table 1 Recently Received Selected Significant Drilling Results at San Antonio

Hole_ID	Coordinates			Azim.	Dip	Hole Depth	Intersection		Interval (m)	Copper (% Cu)	Silver (g/t Au)
	East	North	RL				From	To			
SAP0016	342,441	6,818,959	1226	250	-60	126	47	49	2	0.7	1.5
						<i>followed by</i>	49	52	3	Stope/Void	
SAP0017	342,442	6,818,962	1226	280	-65	100	42	46	4	0.9	1.2
						<i>followed by</i>	46	50	4	Stope/Void	
							50	52	2	0.8	1.2
SAP0019	342,504	6,818,966	1208	270	-60	150	58	68	10	1.6	3.2
						<i>including</i>	64	68	4	2.7	6.1
SAP0020	342,442	6,818,965	1222	330	-60	150	28	30	2	1.2	3.5
							44	51	7	0.5	0.6
SAP0021	342,453	6,818,952	1224	0	-90	102	31	36	5	2.5	9.3
						<i>including</i>	33	35	2	4.3	13.9
							52	70	18	1.3	2.9
						<i>including</i>	59	64	5	2.1	4.6
SAP0022	342,500	6,818,963	1206	240	-70	180	83	94	11	1.6	11.1
						<i>including</i>	88	89	1	0.6	82.5
SAP0031	342,505	6,818,968	1207	20	-80	162	60	63	3	1.2	4.4
							72	128	53	0.9	3.0
						<i>including</i>	73	100	27	1.3	3.9
							145	148	3	0.9	1.5

Note: no sample returned for stope/void intervals where drilling intersected historical development





Qualifying Statements

JORC Compliant Ore Reserve Statement

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

Ore Type	Reserve Category	Tonnage (Mt)	Grade			Contained Metal			Payable Metal		
			Cu (%)	Au (g/t)	Mo (ppm)	Copper (tonnes)	Gold (ounces)	Molybdenum (tonnes)	Copper (tonnes)	Gold (ounces)	Molybdenum (tonnes)
Oxide	Probable	24.1	0.43	0.08	49	103,000	59,600	1,200	55,600		
Transitional		20.5	0.45	0.08	92	91,300	54,700	1,900	61,500	24,400	800
Fresh		122.4	0.43	0.09	163	522,500	356,400	20,000	445,800	167,500	10,400
Total	Probable	166.9	0.43	0.09	138	716,800	470,700	23,100	562,900	191,900	11,200

Note 1: Figures in the above table are rounded, reported to two significant figures, and classified in accordance with the Australian JORC Code 2012 guidance on Mineral Resource and Ore Reserve reporting. Note 2: Price assumptions: Cu price - US\$3.00/lb; Au price US\$1200/oz; Mo price US\$14.00/lb. Note 3: Mill average recovery for fresh Cu - 89%, Au - 52%, Mo - 53%. Mill average recovery for transitional; Cu 70%, Au - 50%, Mo - 46%. Heap Leach average recovery for oxide; Cu - 54%. Note 4: Payability factors for metal contained in concentrate: Cu - 96%; Au - 90%; Mo - 98%. Payability factor for Cu cathode - 100%.

JORC Compliant Mineral Resource Statements

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

Deposit	Classification	Tonnage (Mt)	Grade			Contained Metal		
			Cu (%)	Au (g/t)	Mo (ppm)	Copper (tonnes)	Gold (ounces)	Molybdenum (tonnes)
Productora	Indicated	166.8	0.50	0.11	151	841,000	572,000	25,000
	Inferred	51.9	0.42	0.08	113	219,000	136,000	6,000
	<i>Sub-total</i>	<i>218.7</i>	<i>0.48</i>	<i>0.10</i>	<i>142</i>	<i>1,059,000</i>	<i>708,000</i>	<i>31,000</i>
Alice	Indicated	15.3	0.41	0.04	42	63,000	20,000	600
	Inferred	2.6	0.37	0.03	22	10,000	2,000	100
	<i>Sub-total</i>	<i>17.9</i>	<i>0.41</i>	<i>0.04</i>	<i>39</i>	<i>73,000</i>	<i>23,000</i>	<i>700</i>
Combined	Indicated	182.0	0.50	0.10	142	903,000	592,000	26,000
	Inferred	54.5	0.42	0.08	109	228,000	138,000	6,000
	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.




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

Deposit	Classification	Tonnage (Mt)	Grade			Contained Metal		
			Cu (%)	Au (g/t)	Mo (ppm)	Copper (tonnes)	Gold (ounces)	Molybdenum (tonnes)
Productora	Indicated	150.9	0.15	0.03	66	233,000	170,000	10,000
	Inferred	50.7	0.17	0.04	44	86,000	72,000	2,000
	<i>Sub-total</i>	<i>201.6</i>	<i>0.16</i>	<i>0.04</i>	<i>60</i>	<i>320,000</i>	<i>241,000</i>	<i>12,000</i>
Alice	Indicated	12.3	0.14	0.02	29	17,000	7,000	400
	Inferred	4.1	0.12	0.01	20	5,000	2,000	100
	<i>Sub-total</i>	<i>16.4</i>	<i>0.13</i>	<i>0.02</i>	<i>27</i>	<i>22,000</i>	<i>9,000</i>	<i>400</i>
Combined	Indicated	163.2	0.15	0.03	63	250,000	176,000	10,000
	Inferred	54.8	0.17	0.04	43	91,000	74,000	2,000
	<i>Total</i>	<i>218.0</i>	<i>0.16</i>	<i>0.04</i>	<i>58</i>	<i>341,000</i>	<i>250,000</i>	<i>13,000</i>

Reported at or above 0.1% Cu and below 0.25 % Cu. Figures in the above table are rounded, reported to two significant figures, and classified in accordance with the Australian JORC Code 2012 guidance on Mineral Resource and Ore Reserve reporting. Metal rounded to nearest thousand, or if less, to the nearest hundred. Metal rounded to nearest thousand, or if less, to the nearest hundred.

Mineral Resource and Ore Reserve Confirmation

The information in this report that relates to Mineral Resources and Ore Reserve estimates on the Productora copper projects were originally reported in the ASX announcements "Hot Chili Delivers PFS and Near Doubles Reserves at Productora" dated 2nd March 2016. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Competent Person's Statement- Exploration Results

Exploration information in this Announcement is based upon work undertaken by Mr Christian Easterday, the Managing Director and a full-time employee of Hot Chili Limited whom is a Member of the Australasian Institute of Geoscientists (AIG). Mr Easterday has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a 'Competent Person' as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). Mr Easterday consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Competent Person's Statement- Mineral Resources

The information in this Announcement that relates to the Productora Project Mineral Resources, is based on information compiled by Mr J Lachlan Macdonald and Mr N Ingvar Kirchner. Mr Macdonald is a part time employee of Hot Chili, and is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Kirchner is employed by AMC Consultants (AMC). AMC has been engaged on a fee for service basis to provide independent technical advice and final audit for the Productora Project Mineral Resource estimates. Mr Kirchner is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a Member of the Australian Institute of Geoscientists (AIG). Both Mr Macdonald and Mr Kirchner have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code 2012). Both Mr Macdonald and Mr Kirchner consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.



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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	<ul style="list-style-type: none"> • <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> • <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> • <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> • <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> 	<p>This announcement updates activities at Hot Chili Limited's ("Hot Chili" or the "Company") El Fuego Project. This includes assay results from the current drilling programme being undertaken around the San Antonio mine.</p> <p>Reverse circulation drilling (RC) was used to produce a 1m bulk sample and representative 1m cone split samples (nominally a 12.5% split) were collected using a cone splitter.</p> <p>Geological logging was completed, and mineralised sample intervals were determined by the geologists to be submitted as 1m samples for RC drilling. In RC intervals assessed as unmineralised, 4m composite (scoop) samples were collected for laboratory for analysis. If these 4m composite samples come back with anomalous grade the corresponding original 1m split samples are then routinely submitted to the laboratory for analysis.</p> <p>The samples were crushed and split at the laboratory, with up to 3kg pulverised, with a 50g samples analysed by Industry standard methods.</p> <p>The sampling techniques used are deemed appropriate for early stage exploration and this type of mineralisation.</p> <p>Historic drilling, underground development and mine production was compiled for the San Antonio project 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. Hot Chili Limited has not been able to verify the location, orientation, splitting or sampling methods, analytical technique or any QA/QC related to any historic drilling or sampling.</p>
Drilling techniques	<ul style="list-style-type: none"> • <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> 	<p>Hot Chili's Reverse Circulation drilling used 140 to 130mm diameter drill bits. RC drilling employed face sampling hammers ensuring contamination during sample extraction is minimised.</p>

Criteria	JORC Code explanation	Commentary
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <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> 	<p>Drilling techniques to ensure adequate RC sample recovery and quality included the use of “booster” air pressure. Air pressure used for RC drilling was 700-800psi.</p> <p>Logging of all samples followed established company procedures which included recording of qualitative fields to allow discernment of sample reliability. This included (but was not limited to) recording: sample condition, sample recovery, sample method.</p> <p>The drilling programme is still underway and a final assessment of sample recovery and condition has not been undertaken. The majority of drilling has had no material recovery issues, but in a few limited drillholes, there has been some reduced sample weights surrounding and within mineralised zones. This may be due to fracturing, strong alteration of primary lithology or proximity to underground workings. In some cases, there has been no returned sample. In many of these instances Hot Chili considers these likely relate to drill intersection of underground historic stoping and development.</p> <p>No quantitative analysis of samples weights, sample condition or recovery has been undertaken. No quantitative twinned drilling analysis has been undertaken at the project.</p>
<i>Logging</i>	<ul style="list-style-type: none"> • <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> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<p>Geological logging of samples followed established company and industry common procedures. Qualitative logging of samples included (but was not limited to) lithology, mineralogy, alteration and weathering.</p> <p>Every metre (100%) of HCH drilling was geologically logged.</p> <p>The total length of the relevant mineralised interval(s) is provided in the main body of the report.</p>
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> 	<p>Splitting of RC samples occurred via cone splitter by the RC drill rig operators. Cone splitting of RC drill samples occurred regardless of the sample condition.</p> <p>RC drilling sample weights ranged from 0.3kg to 6.76kg, but were typically between 2-4kg, and had an averaging of 3.2kg.</p> <p>All samples were submitted to ALS Coquimbo (Chile) for multi-element analysis. The sample preparation included:</p> <ul style="list-style-type: none"> – 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,

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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). 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-Nirtic-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. <p>Sample collection, size and analytical methods are deemed appropriate for the style of exploration.</p>
<p>Quality of assay data and laboratory tests</p>	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<p>All Hot Chili samples were assayed by industry standard methods through commercial laboratories in Chile (ALS Coquimbo). Typical analysis methods are detailed in the previous section and are consider ‘near total’ values.</p> <p>Hot Chili undertakes several steps to ensure quality of sampling. These include, but are not limited to, the use of duplicates, certified reference material and blank media:</p> <ul style="list-style-type: none"> Routine ‘standard’ (mineralised pulp) Certified Reference Material (CRM) was inserted at a nominal rate of 1 in 50 samples. Routine ‘blank’ material (mineralised quartz) was inserted at a nominal rate of 1 in 100 samples at the logging geologist’s discretion. Routine field duplicates for RC samples were submitted at a rate of 1 in 50 samples. The drilling programme is still underway, and while the full analysis of quality parameters has yet to be undertaken, no significant issues have been noted. <p>No umpire checks were undertaken during this period.</p> <p>The analytical laboratories provided their own routine quality controls within their own practices. No significant issues were noted.</p>
<p>Verification of sampling and assaying</p>	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage 	<p>No verification of sampling or assaying has been undertaken in the Company as relate to the surface rock chip sampling programme, nor historic drilling programmes.</p> <p>The Company is not aware of any twinned drilling at the project. Limited adjustments were made to the returned assay data; values that returned lower than detection level were set to the methodology’s detection level, and copper values were converted from ppm to %.</p>

Criteria	JORC Code explanation	Commentary
	<p><i>(physical and electronic) protocols.</i></p> <ul style="list-style-type: none"> • <i>Discuss any adjustment to assay data.</i> 	
Location of data points	<ul style="list-style-type: none"> • <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> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<p>Drill collars were set out using a hand help GPS and final collars were collected using a handheld GPS. The WGS84 UTM zone 19S coordinate system was used for all undertakings.</p> <p>Downhole surveys were completed by the drilling contractor using a north-seeking gyroscope. Holes without downhole survey use planned or compass bearing/dip measurements for survey control.</p>
Data spacing and distribution	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <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> • <i>Whether sample compositing has been applied.</i> 	<p>The spacing and location of the majority of the drilling in the projects is, by the nature of early exploration, variable.</p> <p>In intervals qualitatively logged as unmineralised, 4 metre composite (scoop) samples were taken from the RC drill holes.</p> <p>The spacing and location of data is currently only being considered for exploration purposes.</p>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • <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> • <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> 	<p>The majority of the drilling at San Antonio has been oriented approximately perpendicular to the overall NNE structural trend at the project, with holes angled -60 to -90 towards the west to optimise drill intersections across mineralisation.</p> <p>A list of drillholes and orientations is appended in the main report body.</p> <p>The spacing and location of data is currently only being considered for exploration purposes.</p>
Sample security	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<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>
Audits or reviews	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data.</i> 	<p>None completed.</p>

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> 	<p>Hot Chili, through its 100% owned subsidiary Sociedad Minera Frontera SpA (“Frontera”), executed a non-binding LOI with a private party to earn a 90% interest in the San Antonio copper-gold project over a four-year period. The proposed JV involves an Option agreement over 12 exploitation leases (~1,566ha), whereby full ownership of 90% of the mining rights of the project will be transferred upon satisfaction of a payment of US\$300,000 in 36 months and then a final payment of US\$6,700,000 in 48 months.</p> <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 24 months of the Option period.</p> <p>Exploration by Frontera at San Antonio and 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>The company has also acquired a large number of 100% owned leases around the San Antonio and Valentina projects through its subsidiary company Frontera SpA.</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"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<p>The San Antonio project has been privately owned since 1953 and has been mined by several operators over this time via lease from the owners. Limited historic documents provided the following production data: 1965-1972: produced 100,000t at ~2.5% Cu soluble (3%Cu total). 1980: 30,000t of 3.0% Oxide and 25,000t at 2.0% Cu sulphide mineralisation 1988-1995: ~399,000t at 1.6% Cu.</p> <p>The current owner has indicated that total historic production is approximately 2Mt of material grading approximately 2% copper and 0.3 g/t gold. There is current small-scale mining activity at the project.</p> <p>The Valentina project has been privately owned since 1953. Minor surface mining has been</p>

Criteria	JORC Code explanation	Commentary
		<p>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 has been very limited exploration activity in areas beyond the San Antonio and Valentina mines.</p>
Geology	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	<p>Copper mineralisation at San Antonio is associated with a sequence of moderately east-dipping sandstone and limestone/andesite units which have seen extensive skarn alteration adjacent to a granitic contact along the projects eastern margin. The zone of skarn alteration has been recognised over a 2.5km strike extent within the Project.</p> <p>Andesite units host the majority of the mineralisation which was exploited underground at true widths ranging between 7m and 30m (10m average). Sulphide copper is associate with chalcopyrite, minor bornite, pyrrhotite and magnetite.</p> <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 >5m true width associated with fault intersections. Sulphide mineralization is also evident from drilling.</p>
Drill hole Information	<ul style="list-style-type: none"> • <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"> ○ <i>easting and northing of the drill hole collar</i> ○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> ○ <i>dip and azimuth of the hole</i> ○ <i>down hole length and interception depth</i> ○ <i>hole length.</i> • <i>If the exclusion of this information is justified on the basis that the information is not</i> 	<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>

Criteria	JORC Code explanation	Commentary
	<p><i>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></p>	
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <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> <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<p>No weight averaging techniques, aggregation methods or grade truncations were applied to these exploration results.</p> <p>No metal equivalents are used.</p>
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <i>These relationships are particularly important in the reporting of Exploration Results.</i> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i> 	<p>The relationship of mineralisation widths to the intercepts of Hot Chili drilling, or any historic drilling 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"> <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> 	<p>Refer to figures in announcement.</p>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to</i> 	<p>It is not practical to report all exploration results. Low or non-material grades have not been reported.</p>

Criteria	JORC Code explanation	Commentary
	<i>avoid misleading reporting of Exploration Results.</i>	All drillhole locations are reported and a table of significant intervals is provided in the announcement.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<p>Hot Chili has undertaken extensive surface mapping across its El Fuego tenements, including in and around the historic San Antonio and Valentina mines. This has also included collection of surface rock chips and soil samples.</p> <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"> <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	Potential work across the Project may include additional geological mapping and surface sampling, ground or airborne geophysics as well as confirmatory, exploratory or follow-up drilling.