



Hot Chili Limited
ACN 130 955 725

**Notice of General Meeting,
Explanatory Statement and Proxy Form**

General Meeting to be held at

**First Floor
768 Canning Highway
Applecross, Western Australia**

On Friday, 23 August 2019 at 11.00am (WST)

Important notice

The Notice of General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

Important Information

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Important dates

An indicative timetable of key proposed dates is set out below. These dates are indicative only and are subject to change.

Event	Date
Last day for receipt of Proxy Forms – Proxy Forms received after this time will be disregarded	11.00am (WST) on Wednesday, 21 August 2019
Snapshot date for eligibility to vote	11.00am (WST) on Wednesday, 21 August 2019
General Meeting	11:00am (WST) on Friday, 23 August 2019

Defined terms

Capitalised terms used in this Notice of General Meeting will, unless the context otherwise requires, have the same meaning given to them in the Glossary set out in the Explanatory Statement.

Notice of General Meeting

Notice is hereby given that a General Meeting of Hot Chili Limited ACN 130 955 725 (**Company**) will be held at **First Floor, 768 Canning Highway, Applecross, Western Australia** on **Friday, 23 August 2019 at 11:00am (WST)** for the purpose of transacting the business referred to in this Notice of General Meeting.

The Explanatory Statement that accompanies and forms part of this Notice describes the various matters to be considered.

AGENDA

Resolution 1: Ratification of issue of Tranche 1 Placement Shares to Placement Participants

To consider and, if thought fit to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve the issue by the Company of 150,000,000 Tranche 1 Placement Shares, issued at a price of \$0.03 each, to the Tranche 1 Placement Participants, in the manner and on the terms and conditions set out in the Explanatory Statement.”

Resolution 2: Approval to issue Tranche 2 Placement Shares to a Related Party – Blue Spec Drilling Pty Ltd

To consider and, if thought fit to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue by the Company of 16,666,667 Tranche 2 Placement Shares at an issue price of \$0.03 each, to Blue Spec Drilling Pty Ltd (ACN 601 943 364), a Related Party of the Company, under the Tranche 2 Placement, in the manner and on the terms and conditions set out in the Explanatory Statement.”

By order of the Board

Mr Lloyd Flint
Company Secretary

19 July 2019

Voting Exclusions

For the purposes of Listing Rule 14.11, the following voting exclusion statements apply to the Resolutions.

The Company will disregard any votes cast in favour of the following Resolutions by or on behalf of the following persons or an Associate of those persons.

Resolution	Excluded Parties
Resolution 1	The Tranche 1 Placement Participants, being the persons to whom Tranche 1 Placement Shares were issued, and their Associates.
Resolution 2	Blue Spec and its Associates.

The Company need not disregard a vote on a Resolution if it is cast by:

- the person as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form; or
- the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Proxy Appointment and Voting Instructions

Proxy Form

The Proxy Form (and any power of attorney or other authority, if any, under which it is signed) must be received at an address below by **11:00am (WST) on Wednesday, 21 August 2019**. A Proxy Form received after that time will not be valid.

By post: Company Secretary, Hot Chili Limited, PO Box 1725, Applecross, Western Australia

By hand: First Floor, 768 Canning Highway, Applecross, Western Australia

By fax: +61 8 9315 5004

By email: admin@hotchili.net.au

Appointment of a proxy

A Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy. The proxy may, but need not be, a Shareholder.

If you wish to appoint the Chairperson as your proxy, mark the appropriate box on the Proxy Form. If the person you wish to appoint as your proxy is someone other than the Chairperson, please write the name of that person in the space provided on the Proxy Form. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairperson will be your proxy.

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, you may photocopy the Proxy Form or an additional Proxy Form may be obtained by telephoning the Company on +61 8 9315 9009.

To appoint a second proxy you must, on each Proxy Form, state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

Corporate Shareholders

Corporate Shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

- two directors of the company;
- a director and a company secretary of the company; or
- for a proprietary company that has a sole director who is also the sole company secretary, that director.

Corporate representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Company's share registry before the Meeting or at the registration desk on the day of the Meeting.

Votes on Resolutions

You may direct your proxy how to vote by placing a mark in the 'FOR', 'AGAINST' or 'ABSTAIN' box opposite the Resolution. All your votes will be cast in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolution by inserting the percentage or

number of Shares you wish to vote in the appropriate boxes. If you do not mark any of the boxes next to a Resolution, your proxy may vote as he or she chooses. If you mark more than one box on the Resolution, your vote will be invalid.

Chairperson voting undirected proxies

If the Chairperson is your proxy, the Chairperson will cast your votes in accordance with your directions on the Proxy Form. If you do not mark any of the boxes on the Resolutions, then you expressly authorise the Chairperson to vote your undirected proxies at his/her discretion.

As at the date of this Notice of Meeting, the Chairperson intends to vote undirected proxies **FOR** each of the Resolutions. In exceptional cases the Chairperson's intentions may subsequently change and in this event, the Company will make an announcement to the market.

Voting entitlement (snapshot date)

For the purposes of determining voting and attendance entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at **11.00am (WST) on Wednesday, 21 August 2019**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Questions from Shareholders

At the Meeting, the Chairperson will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management of the Company.

In addition to asking questions at the Meeting, written questions to the Board about the management of the Company may be submitted by no later than **5.00pm (WST) on Sunday, 18 August 2019** in the same manner as outlined above for lodgement of Proxy Forms.

Copies of written questions will be available at the Meeting.

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of General Meeting.

Capitalised terms in this Explanatory Statement are defined in the Glossary or otherwise in the Explanatory Statement.

1. Background to the Resolutions

1.1 Placement

On 2 July 2019, the Company announced that it had successfully arranged a \$5,000,000 (before costs) private placement of fully paid ordinary shares in the Company (**Placement Shares**) to various sophisticated and professional investors in Australia, at an issue price of \$0.03 per Placement Share.

The Placement was conducted in two tranches as follows:

- (a) **Tranche 1 Placement:** a placement of 150,000,000 Shares to Tranche 1 Placement Participants (all of whom are non-Related Parties of the Company) at an issue price of \$0.03 each, raising \$4,500,000 (before costs) (**Tranche 1 Placement Shares**); and
- (b) **Tranche 2 Placement:** a placement of 16,666,667 Shares to Tranche 2 Placement Participants (who are Related Parties of the Company) at an issue price of \$0.03 each, to raise \$500,000 (before costs) (**Tranche 2 Placement Shares**).

The Tranche 1 Placement Shares under the Tranche 1 Placement were issued by the Company on 5 July 2019 and 10 July 2019 using its issuing capacity under Listing Rule 7.1. Subsequent ratification of this issue by Shareholders is sought under Resolution 1.

The issue of the Tranche 2 Placement Shares under the Tranche 2 Placement is subject to Shareholder approval, as these Shares will be issued to a Related Party of the Company. Approval for the issue of the Tranche 2 Placement Shares, pursuant to Listing Rule 10.11, is sought under Resolution 2.

2. Resolution 1: Ratification of issue of Tranche 1 Shares to Placement Participants

2.1 Background

The Company has issued a total of 150,000,000 Shares under the Tranche 1 Placement as follows:

- (a) QMetco Limited (a company controlled by Taurus Funds Management Pty Ltd) – 26,624,607 Tranche 1 Placement Shares; and
- (b) other professional and sophisticated investors as determined by the Company – 123,375,393 Tranche 1 Placement Shares.

Resolution 1 is an ordinary resolution seeking ratification and approval by Shareholders of the prior issue of the Tranche 1 Placement Shares pursuant to the Tranche 1 Placement.

The Company issued 150,000,000 Tranche 1 Placement Shares without Shareholder approval using its issuing capacity under Listing Rule 7.1.

None of the Tranche 1 Placement Participants are Related Parties of the Company.

If Resolution 1 is approved, the Company's issuing capacities under Listing Rule 7.1 will be refreshed, allowing the Company to issue, without Shareholder approval, further Equity Securities representing up to an aggregate of 15% of the Company's issued capital in the next 12 months.

2.2 Applicable Listing Rules

Listing Rule 7.1 provides that prior approval of shareholders is required for an issue of Equity Securities if the Equity Securities will, when aggregated with the Equity Securities issued by the company during the previous 12 months, exceed 15% of the number of Equity Securities on issue at the commencement of that 12-month period.

Listing Rule 7.4 provides that an issue by a company of Equity Securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's shareholders subsequently approve it.

2.3 Listing Rule information requirements

In accordance with the disclosure requirements of Listing Rule 7.5, the following information is provided in relation to Resolution 1:

(a) The number of securities issued

Under the Tranche 1 Placement, the Company issued 150,000,000 Tranche 1 Placement Shares.

(b) The price at which the securities were issued

The Tranche 1 Placement Shares were issued at \$0.03 each to raise \$4,500,000 (before costs).

(c) The terms of the securities

The Tranche 1 Placement Shares are fully paid ordinary shares that rank equally with all existing Shares on issue.

(d) Persons to whom the securities were issued

Tranche 1 Placement Shares have been issued to Tranche 1 Placement Participants as identified in Section 2.1, being various private investors identified by the Company and which are not Related Parties of the Company.

Each Tranche 1 Placement Participant is a sophisticated or professional investor for the purposes of the Corporations Act, being an investor to whom securities may be issued without a prospectus or other disclosure document.

(e) The use or intended use of the funds raised

The Company intends to use the funds raised from the Placement for working capital purposes, including to fund the US\$2 million payment to SCM Carola as the first instalment for a 100% acquisition in the Cortadera copper-gold porphyry discovery and to allow the Company to focus on preparation to re-commence drilling of the new high-grade zone discovered at Cuerpo 3 within Cortadera.

2.4 Cortadera Option Agreement Terms

The Company's wholly owned subsidiary Sociedad Minera Frontera SpA (**Frontera**) has entered into an option agreement (**Cortadera Option Agreement**) with Sociedad Contractual Minera Carola (**Carola**) under which Frontera may acquire the Cortadera project by making a series of staged payments totalling US\$30 million over a 30 month period from the date the

memorandum of understanding or the option (**MOU**) was executed by all parties (15 January 2019).

Under the Cortadera Option Agreement, effectively the Company has the option to acquire a 100% interest in Carola's mining rights comprising the Cortadera Project, on the following terms:

- (a) the purchase price payable to acquire the Cortadera project is US\$30 million (**Cortadera Purchase Price**), payable in three instalments over a 30 month term (**Cortadera Option Period**) as follows:
 - (i) US\$5 million, of which US\$2 million has been paid and the US\$3 million balance is payable by 14 October 2019;
 - (ii) US\$10 million no later than 18 months from formal execution of the MOU, i.e. by 14 July 2020; and
 - (iii) US \$15 million no later than 30 months from formal execution of the MOU, i.e. by 14 July 2021;
- (b) all instalments of the Cortadera Purchase Price paid during the Cortadera Option Period are non-refundable; and
- (c) upon making a payment of an instalment of the Cortadera Purchase Price, Frontera is not committed to making any subsequent instalment of the Cortadera Purchase Price, and may elect not to pay subsequent instalments and relinquish all interest in the Cortadera project.

ASX has informed the Company that if it elects to proceed with the second instalment of the Cortadera Purchase Price (the US\$10 million) it will be required to seek shareholder approval of the acquisition of the Cortadera project for the purposes of ASX listing rule 11.1.2 (approval of increase in scale of the Company's activities). Accordingly, payment of the second and third instalments of the Cortadera Purchase Price will be subject to Shareholder approval of the acquisition of Cortadera at a general meeting, which is anticipated to be convened in the first half of 2020.

2.5 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1 as it will refresh the Company's issuing capacities under Listing Rule 7.1 and give the Company the flexibility to raise additional working capital through the offer and issue of Equity Securities, if and as required.

3. Resolution 2: Approval to issue Tranche 2 Placement Shares to Related Parties – Blue Spec Drilling Pty Ltd

3.1 Background

The Company has entered into a subscription agreement with Blue Spec Drilling Pty Ltd (**Blue Spec**) pursuant to which Blue Spec agrees to subscribe for Placement Shares, subject to Shareholder approval, of 16,666,667 Tranche 2 Placement Shares (**Subscription Agreement**).

The material terms of the subscription agreement are set out in Schedule 11 of this Notice of General Meeting.

Resolution 2 is an ordinary resolution seeking Shareholder approval for the issue of Tranche 2 Placement Shares to Blue Spec pursuant to the Tranche 2 Placement. Blue Spec is a Related Party of the Company as it is controlled by the Company's Non-Executive Chairman, Mr Murray Black. Mr Black is a director of Blue Spec and controls 25% of the shares in Blue Spec. He is therefore deemed to control Blue Spec under section 50AA of the Corporations Act.

Mr Black presently has a relevant interest in 124,449,430 Shares (9.83% of total Shares on issue following completion of the Tranche 1 Placement) as follows:

- (a) Blue Spec Sondajes Chile SpA (24,246,210 Shares) – Mr Black is a sole administrator and controller of 20% of this entity's shares. Mr Black controls this entity within the meaning of section 50AA of the Corporations Act;
- (b) Kalgoorlie Auto Service Pty Ltd (16,750,000 Shares held on trust for Mr Black) - Mr Black is the sole director and controlling shareholder of this entity; and
- (c) Blue Spec Drilling Pty Ltd (83,453,220 Shares) - Mr Black is a director and controller of 25% of the shares in this entity. Mr Black controls this entity within the meaning of section 50AA of the Corporations Act.

If Resolution 2 is approved, Mr Black and the entities which he controls that hold Shares on his behalf will hold a total of 141,116,097 Shares, representing a relevant interest in 9.83% of the total Shares on issue, assuming all Tranche 2 Placement Shares are issued.

3.2 Corporations Act requirements

(a) Related party financial benefit restrictions

For a public company to give a financial benefit to a Related Party of the public company, either:

- the public company must first obtain the approval of its shareholders in the manner set out in sections 217 to 227 of the Corporations Act, and give the benefit within 15 months following such approval; or
- the giving of the financial benefit must fall within a prescribed exception set out in sections 210 to 216 of the Corporations Act.

(b) Arm's length exception

Section 210 of the Corporations Act provides that shareholder approval is not required to give a financial benefit on terms that:

- would be reasonable in the circumstances if the public company and the related party were dealing at arm's length; or
- are less favourable to the related party than arm's length terms.

The Directors (other than Mr Black) consider that the subscription agreements with Blue Spec both reflect arm's length terms as the agreements are both substantially the same as the subscription agreements the Company entered into with the Tranche 1 Placement Participants. Accordingly, the proposed issues reflect arm's length terms.

The Directors (other than Mr Black) have therefore resolved that Shareholder approval is not required for the purposes of section 208 of the Corporations Act as the exception under section 210 of the Corporations Act applies.

3.3 Listing Rule information requirements

Listing Rule 10.11 provides that a company must not issue or agree to issue any Equity Securities (e.g. Tranche 2 Placement Shares), to a Related Party without shareholder approval.

If Resolution 2 is not passed, the Company will be unable to issue the Tranche 2 Placement Shares to Blue Spec, and will therefore be unable to raise the relevant funds from the issue of these Shares.

In accordance with the disclosure requirements of Listing Rule 10.13, the following information is provided in relation to Resolution 2:

(a) **The name of the related party**

Blue Spec, as outlined in Section 3.1(c).

(b) **The maximum number of securities to be issued**

The maximum number of securities to be issued to Blue Spec is 16,666,667 Tranche 2 Placement Shares.

(c) **The date by which securities will be issued**

If the relevant Resolution is approved, the Tranche 2 Placement Shares are proposed to be issued on or around 19 August 2019 and, in any event, within one (1) month after the date of the Meeting (or such later date as permitted by the Listing Rules).

It is intended that the issue of all Tranche 2 Placement Shares will occur on one date.

(d) **The relationship requiring shareholder approval**

Blue Spec is deemed to be controlled by the Company's Non-Executive Chairman, Mr Murray Black and is therefore a Related Party of the Company.

(e) **The issue price of the securities and a statement of the terms of the issue**

Tranche 2 Placement Shares will be issued at \$0.03 each to raise a total of \$500,000 (before costs), and will be fully paid ordinary shares that rank equally with all existing Shares then on issue.

The terms of Tranche 2 Placement Shares reflect the same terms applicable to Tranche 1 Placement Shares issued to the Tranche 1 Placement Participants.

(f) **The use or intended use of the funds raised**

The Company intends to use the funds raised for the purposes set out in Section 2.3(e) above.

3.4 Directors' recommendation – Resolution 2

The Directors (other than Mr Black) recommend that Shareholders vote in favour of Resolution 2 to permit the Company to fulfil its obligations under the subscription agreement with Blue Spec to issue Tranche 2 Placement Shares to Blue Spec.

Mr Black has a material personal interest in the outcome of Resolution 2 and therefore declines to make any recommendation as to how Shareholders should vote on that Resolution.

Glossary

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

Associate	Has the meaning given to that term in the Listing Rules.
ASX	ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange operated by ASX Limited, as the context requires.
Blue Spec	Blue Spec Drilling Pty Ltd (ACN 601 943 364).
Board	The Board of Directors of the Company.
Business Day	Has the meaning given to that term in the Listing Rules.
Chairperson	The chair of the General Meeting.
Company	Hot Chili Limited (ACN 130 955 725).
Corporations Act	The <i>Corporations Act 2001</i> (Cth).
Cortadera	A copper-gold porphyry discovery area 14km southeast of the Productora Project, of which the Company is seeking to purchase a 100% interest from SCM Carola.
Director	A director of the Company.
Equity Securities	Has the meaning given to that term in the Listing Rules.
Explanatory Statement	This explanatory statement which accompanies and forms part of the Notice.
General Meeting or Meeting	The general meeting of Shareholders or any adjournment thereof, convened by the Notice.
Listing Rules	The listing rules of ASX, as amended from time to time.
Notice or Notice of General Meeting	The notice of general meeting which accompanies this Explanatory Statement.
Productora Project	The Productora copper project owned by Sociedad Minera El Águila SpA (taxpayer identification number 76.032.211-3), a corporation organised and operated by the Company, existing under the laws of Chile and located near Vallenar, Chile.
Placement	The Tranche 1 Placement and the Tranche 2 Placement, pursuant to which the Company seeks to issue a total of 166,666,667 Shares to raise \$5,000,000 (before costs).
Placement Participant	A participant in the Placement.
Placement Share	A Share to be issued to a Placement Participant under the Placement.
Proxy Form	The proxy form accompanying the Notice.
Related Party	Has the meaning given to that term in the Listing Rules.
Resolution	A resolution set out in the Notice.
SCM Carola	The private company from which the Company seeks to purchase a 100% interest in Cortadera.
Section	A section of the Explanatory Statement.
Share	A fully paid ordinary share in the Company.
Shareholder	The holder of a Share in the Company.

Subscription Agreement	Agreement between Blue Spec and the Company for Blue Spec to subscribe for Tranche 2 Placement Shares.
Tranche 1 Placement	The placement by the Company of 150,000,000 Placement Shares issued at an issue price of \$0.03 each, to non-related sophisticated and professional investors, raising approximately \$4,500,000 (before costs), as described in Section 2.1.
Tranche 1 Placement Participants	The persons identified in Section 2.1 of the Explanatory Statement to whom Tranche 1 Placement Shares were issued.
Tranche 1 Placement Shares	The Placement Shares issued under the Tranche 1 Placement.
Tranche 2 Placement	The placement by the Company of 16,666,667 Placement Shares at an issue price of \$0.03 each, to a Related Party of the Company to raise approximately \$500,000 (before costs), subject to Shareholder approval, as described in Section 3.1.
Tranche 2 Placement Shares	The Placement Shares to be issued to Blue Spec.
WST	Australian Western Standard Time, being the time in Perth, Western Australia.

Schedule 1 – Terms of Related Party Subscription Agreement

1. Subscription for Placement Shares

The Subscription Agreement represents a binding agreement between Blue Spec and the Company to which:

- (a) Blue Spec agrees to subscribe for 16,666,667 Tranche 2 Placement Shares at an issue price of \$0.03 per Share for the subscription amount of \$500,000; and
- (b) The Company agrees to issue 16,666,667 Tranche 2 Placement Shares at an issue price of \$0.03 per Share for the subscription amount of \$500,000.

Following Settlement (defined below), Blue Spec authorises the Company to place its name on the Company's register of shareholders in respect of the Tranche 2 Placement Shares.

2. Settlement and issue of Placement Shares

- 2.1** Subject to satisfaction of the condition precedent in paragraph Schedule 12.2 below, settlement of the issue of the Tranche 2 Placement Shares (**Settlement**) will occur on a date to be notified by the Company to Blue Spec, which is presently anticipated to be on or around 19 August 2019.
- 2.2** The issue of Tranche 2 Placement Shares under this Subscription Agreement is subject to the shareholders of the Company approving the issue of Tranche 2 Placement Shares in general meeting, to be on or around 23 August 2019.
- 2.3** Within 5 business days after the issue of the Tranche 2 Placement Shares pursuant to paragraph Schedule 12.1 above, the Company will give to the Australian Securities Exchange (ASX) a notice pursuant to section 708A(5)(e) of the Corporations Act 2001 (Cth) (Corporations Act) in respect of the Tranche 2 Placement Shares. The issue of this notice will facilitate the secondary trading of the Tranche 2 Placement Shares.
- 2.4** If the Tranche 2 Placement Shares are to be held on the Company's issuer sponsored sub-register, the Company will arrange for holding statements to be issued to Blue Spec within 14 days after the issue of the relevant Tranche 2 Placement Shares.

3. Company warranties

- 3.1** The Company warrants to Blue Spec as at the date of the Placement and as at the date of Settlement that:
 - (a) subject to shareholder approval as described in paragraph Schedule 12.2, at Settlement, there will be no restriction on the issue of Tranche 2 Placement Shares;
 - (b) Tranche 2 Placement Shares will, once issued, rank pari passu with all other fully paid ordinary shares in the Company on issue;
 - (c) Tranche 2 Placement Shares will not be issued by the Company with the purpose referred to in section 707(3)(b)(i) of the Corporations Act;
 - (d) a determination under section 708A(2) of the Corporations Act will not be in force in relation to the Company at the time the Tranche 2 Placement Shares are issued;
 - (e) at the time of issue of Tranche 2 Placement Shares, the conditions set out in section 708A(5)(a) to (d) of the Corporations Act will be satisfied to the extent they need to be so that a sale of the Tranche 2 Placement Shares would not need disclosure to investors under Part 6D.2 of the Corporations Act;
 - (f) the Company has disclosed to ASX all information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities in compliance with the Listing Rules and there is no such information which has not been disclosed under an exemption in Listing Rule 3.1A;

- (g) it is a validly existing corporation under the Corporations Act and has limited liability;
- (h) it has power to enter into and comply with all of the terms and conditions of this Subscription Agreement;
- (i) it has all approvals (including any security holder approvals required under the Listing Rules) and authorities that are required to permit the Company to enter into and to perform its obligations under this Subscription Agreement and those approvals and authorities remain valid and subsisting;
- (j) this Subscription Agreement constitutes legal, valid and binding obligations of the Company and, subject to any stamping and registration, is enforceable against the Company;
- (k) the signing, delivery and performance by it of this Subscription Agreement does not violate any material provision of:
 - (i) any law, regulation, authorisation, ruling, consent, judgment, order or decree of any governmental agency;
 - (ii) its constitution or another constituent document;
 - (iii) the Listing Rules; or
 - (iv) an agreement, deed or other document which is binding on the Company or a subsidiary of the Company; and
- (l) there is no Insolvency Event (as defined below) with respect to the Company or a subsidiary of the Company.

3.2 For the purposes of paragraph Schedule 13.1(l), “Insolvency Event” means, with respect to the Company:

- (a) the Company is dissolved, wound up or placed into bankruptcy or an order is made by a court or an application is made to a court for an order or a resolution is passed or the Company gives notice of its intention that the Company be dissolved or wound up;
- (b) a liquidator or provisional liquidator is appointed in respect of the Company or any property of the Company or an application is made to a court for an order that a liquidator or provisional liquidator be appointed in respect of the Company or any property of the Company;
- (c) a controller or administrator is appointed in respect of the Company or any property of the Company or takes possession or gains control of any property of the Company;
- (d) except to reconstruct or amalgamate while solvent, the Company enters into, or resolves to enter into, a scheme of arrangement, administration, deed of company arrangement or composition with, or assignment for the benefit of, all or any class of its creditors, or it proposes a reorganisation, moratorium or other administration involving any of them;
- (e) the Company is (or states that it is) insolvent or an insolvent under administration (each as defined in the Corporations Act);
- (f) as a result of the operation of section 459F(1) of the Corporations Act, the Company is taken to have failed to comply with a statutory demand;
- (g) execution or other process issued on a judgment, decree or order of a court (whether an Australian Court or not) in favour of a creditor against the Company, or another person authorised to be sued as nominal defendant on behalf of the Company, is returned wholly or partly unsatisfied, or the Company makes a statement from which it may be reasonably deduced that such an event has occurred;

- (h) the Company takes any step to obtain protection or is granted protection from its creditors under any applicable legislation; or
- (i) anything analogous or having a substantially similar effect to any of the events specified above happens under the law of any applicable jurisdiction.

4. Blue Spec acknowledgements

4.3 Blue Spec acknowledges and agrees:

- (a) the Company is not issuing Tranche 2 Placement Shares for the purpose of all or any of the Tranche 2 Placement Shares being offered for re-sale or transfer, or for the purpose of granting, issuing or transferring interests in, or options over, the Tranche 2 Placement Shares;
- (b) no disclosure document will be lodged by the Company with ASIC in connection with the offer or issue of the Tranche 2 Placement Shares to Blue Spec;
- (c) neither this Subscription Agreement nor the Placement constitutes financial product advice and that the Company has not had regard to Blue Spec's particular objectives, financial situation and needs;
- (d) an investment in the Company is speculative and involves risk and that Blue Spec has considered such risk in deciding to acquire Tranche 2 Placement Shares;
- (e) except to the extent that liability cannot by law be excluded, none of the Company, or any of its respective related bodies corporate or associates, or any directors, officers, employees or advisers of the Company, or any of its respective related bodies corporate or associates, accept any responsibility, and disclaim all liability, in relation to the offer and issue of the Tranche 2 Placement Shares; and
- (f) Tranche 2 Placement Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and, accordingly, may not be offered, sold or resold in the United States except pursuant to a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

**HOT CHILI LIMITED
ACN 130 955 725
PROXY FORM**

I/We (name of Shareholder)
of (address)

being a Shareholder/Shareholders of Hot Chili Limited HEREBY APPOINT:

(name).....
of (address)
and/or failing him/her (name)
of (address)

or, failing the person named, or if no person is named, the Chairperson of the Meeting as my/our proxy to act on my/our behalf at the General Meeting of Hot Chili Limited (ACN 130 955 725) (**Company**) to be held at **11:00am (WST) on Friday, 23 August 2019** at First Floor, 768 Canning Highway, Applecross, Western Australia (**Meeting**) and at any adjournment or postponement of the Meeting.

Except where I/we have marked a voting box for a Resolution below, I/we authorise my/our proxy to vote or abstain from voting on any Resolution in their discretion.

IMPORTANT NOTES:

- Refer to the Notice of General Meeting for important details of how to complete and return your Proxy Form.
- Should you wish to direct your proxy how to vote, please mark **FOR**, **AGAINST** or **ABSTAIN** in the voting boxes below. The Company encourages you to direct your proxy to vote for or against the Resolutions or to abstain from voting on each of the Resolutions.
- If the Chairperson is appointed your proxy, the Chairperson intends to vote all undirected proxies **FOR** each Resolution.
 - Completed Proxy Forms should be returned to the Company by **11:00am (WST) on Wednesday, 21 August 2019**

I/We direct my/our proxy to vote in the following manner:

		For	Against	Abstain
Resolution 1	Ratification of issue of Tranche 1 Placement Shares to Placement Participants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval to issue Tranche 2 Placement Shares to a Related Party – Blue Spec Drilling Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

This Proxy is appointed to represent _____% of my voting right, or if two proxies are appointed Proxy 1 represents _____% and Proxy 2 represents _____% of my/our total votes.

My/our total voting right is _____ shares.

By:

Individuals and joint holders

Signature
Signature
Signature

Companies (affix common seal if appropriate)

Director
Director/Company Secretary
Sole Director