



Hot Chili Limited

ACN 130 955 725

Notice of General Meeting, Explanatory Statement, and Proxy Form

General Meeting to be held at

**1st Floor
768 Canning Highway
Applecross, Western Australia**

On Monday, 3 August 2015 at 11:00am WST

IMPORTANT NOTE

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.

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Important dates

Eligibility to attend Meeting and vote – snapshot date	5:00pm WST on Saturday, 1 August 2015
Last day for receipt of Proxy Forms*	11:00am WST on Saturday, 1 August 2015
General Meeting	11:00am WST on Monday, 3 August 2015

*Proxy Forms received after 11:00am WST on this date will be disregarded.

Important notices

Forward looking statements

Certain statements in the Explanatory Statement relate to the future. Such statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such statements. These statements reflect views only as of the date of the Explanatory Statement. Neither the Company nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in the Explanatory Statement will actually occur and you are cautioned not to place undue reliance on such forward looking statements.

Notice of General Meeting

Notice is hereby given that a General Meeting of Hot Chili Limited ACN 130 955 725 (**Hot Chili or Company**) will be held at **1st Floor, 768 Canning Highway, Applecross, Western Australia** on **Monday, 3 August 2015 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 of General Meeting describes the various matters to be considered.

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 of the Explanatory Statement.

Agenda

Resolution 1: Ratification of Share issue – placement to non-related parties

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 all other purposes, Shareholders ratify and approve the prior issue of 45,477,368 Shares at \$0.12 each on 17 June 2015 under the Placement to sophisticated and professional investors (for the purposes of section 708 of the Corporations Act), in the manner and on the terms and conditions set out in the Explanatory Statement.”

Resolution 2: Ratification of Share issue – extension of Sprott facility term

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 all other purposes, Shareholders ratify and approve the prior issue of 5,246,590 Shares on 17 June 2015 for nil cash consideration, to the following parties pursuant to the Credit Agreement, in the manner and on the terms and conditions set out in the Explanatory Statement:

- (a) 2,623,295 Shares to the Sprott Resource Lending Partnership;*
- (b) 2,581,322 Shares to Resource Income Partners Limited Partnership; and*
- (c) 41,973 Shares to Mr Neil Adshead.”*

Resolution 3: Approval to issue Shares to related party – Blue Spec Sondajes Chile SpA

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 all other purposes, Shareholders the issue of up to 21,645,017 Shares to Blue Spec Sondajes Chile SpA (a related party of the Company) at an issue price of \$0.12 per Share, to raise up to \$2,597,402 under a Share Subscription Agreement with the Company dated on or about 8 June 2015, in the manner and on the terms and conditions set out in the Explanatory Statement

By order of the Board

Mr John Sendziuk
Company Secretary

23 June 2015

Voting Exclusions

For the purposes of the Corporations Act and Listing Rule 14.11, the following voting exclusion statements apply to the Resolutions. The Company will disregard any votes cast on the following Resolutions by or on behalf of the following parties and their associates (as defined in the Listing Rules).

Resolution	Excluded Party(ies)
Resolution 1	A person who received Shares under the Placement
Resolution 2	Sprott Resource Lending Partnership Resource Income Partners Limited Partnership Mr Neil Adshead
Resolution 3	Blue Spec Sondajes Chile SpA and any other person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed

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

- the person as a 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) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be lodged no later than 48 hours before the time for holding the Meeting, being before **11:00am WST on Saturday, 1 August 2015**, as follows:

By post: Company Secretary, Hot Chili Limited, PO Box 1725, Applecross WA 6953

By hand: 1st Floor, 768 Canning Highway, Applecross, Western Australia

By fax: +61 8 9315 5004

By email: admin@hotchili.net.au

Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Appointment of a proxy

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

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that person. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a Shareholder of the Company.

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, an additional Proxy Form may be obtained by telephoning the Company on +61 8 9315 9009 or you may photocopy the Proxy Form.

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

Chairman voting undirected proxies

If the Chairman is your proxy, the Chairman 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 Chairman to vote your undirected proxies at his/her discretion.

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

Voting eligibility – snapshot date

The Company may specify a time, not more than 48 hours before the Meeting, at which a "snapshot" of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting.

The Directors have determined that all Shares of the Company that are quoted on ASX at **5.00pm WST on Saturday, 1 August 2015** shall, for the purpose of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Defined terms

Capitalised terms used in the Notice and the Explanatory Statement are defined in the Glossary.

Questions from Shareholders

At the Meeting, the Chairman 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 Saturday, 1 August 2015**:

By post: Company Secretary, Hot Chili Limited, PO Box 1725, Applecross WA 6953

By hand: 1st Floor, 768 Canning Highway, Applecross, Western Australia

By fax: +61 8 9315 5004

By email: admin@hotchili.net.au

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. Resolution 1: Ratification of Share issue – placement to non-related parties

1.1 Background

Resolution 1 seeks ratification and approval by Shareholders of the prior issue of 45,477,368 Shares on 17 June 2015 under a private placement to various sophisticated and professional investors (for the purposes of section 708 of the Corporations Act) (**Placement**).

Each of the investors under the Placement subscribed for their Shares under a Share Subscription Agreement with the Company (**Subscription Agreements**).

Listing Rule 7.1 provides that prior approval of shareholders is required for an issue of equity securities (including shares) if the equity securities will, when aggregated with the equity securities issued by a 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 members subsequently approve it. Such approval replenishes the company's 15% capacity and enables it to issue further equity securities up to that limit.

If Resolution 1 is approved by Shareholders, the Shares issued under the Placement will not be included in the Company's issuing capacity calculation for the purposes of Listing Rule 7.1.

1.2 Listing Rule information requirements

Listing Rule 7.5 requires that the following information be provided to the Shareholders in relation to Resolution 1 for the purposes of obtaining approval under Listing Rule 7.4:

(a) **Number of securities issued**

45,477,368 Shares were issued.

(b) **The price at which the securities were issued**

The Shares were issued for \$0.12 each to raise \$5,457,284.

(c) **The terms of the securities**

The Shares were fully paid ordinary shares that ranked equally with all existing Shares then on issue.

(d) **The names of the persons to whom the securities were issued or the basis on which those persons were determined**

The Shares were issued to existing major Shareholders who the Company approached to support the Company's capital raising by participating in the Placement.

None of the investors was a related party of the Company.

Each investor was a sophisticated investor (for the purposes section 708(8) or (10) of the Corporations Act) or a professional investor (for the purposes of section 708(11) of the Corporations Act).

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

As announced by the Company on 15 June 2015, the purpose of the Placement was to:

- (i) Raise funds for the Company's development plan to continue advancing the Productora Project towards a decision to mine. Specifically, funds from the Placement are expected to be directed towards:
 - A. completion of resource definition and extensional drilling at the newly discovered Alice copper porphyry deposit; and
 - B. completion of a Preliminary Feasibility Study and commencement of a Definitive Feasibility Study at the Productora Project in the second half of 2015.
- (ii) Ensure that the Company is funded with a strengthened balance sheet through the exercise of the first tranche of the option held by CMP under its Option Agreement with the Company.

1.3 Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of 1 as it will replenish the Company's capacity to issue equity securities without shareholder approval within the Listing Rule 7.1 limit (discussed at Section 1.1 above).

The Directors consider the ability to issue equity securities within the Listing Rule 7.1 issuing capacity is important as it provides the Company with the flexibility to conduct capital raisings if required (often on short notice) or to issue securities in satisfaction of financial obligations so as to preserve the Company's limit cash reserves.

2. Resolution 2: Ratification of Share issue – extension of Sprott Facility term

2.1 Background

Resolution 2 seeks ratification and approval by Shareholders of the prior issue of 5,246,590 Shares on 17 June 2015 (**Extension Shares**) to the Sprott and its nominees in consideration of Sprott agreeing to an extension of the facility term under the Credit Agreement dated 26 June 2014 (**Credit Agreement**).

The Company sought Sprott's consent to extend the facility term by an additional 12 months from 30 June 2015 to 30 June 2016. Sprott agreed to the extension on 8 June 2015 and, in accordance with the Credit Agreement, the Company issued the Extension Shares.

As noted in Section 1.1 above, approval of Resolution 2 will mean that the Extension Shares will not be included in the Company's issuing capacity calculation for the purposes of Listing Rule 7.1 and will effectively replenish this portion of the issuing capacity.

2.2 Listing Rule information requirements

Listing Rule 7.5 requires that the following information be provided to the Shareholders in relation to Resolution 2 for the purposes of obtaining approval under Listing Rule 7.4:

(a) **Number of securities issued**

5,246,590 Extension Shares were issued.

(b) **The price at which the securities were issued**

The Extension Shares were issued for nil cash consideration.

The Extension Shares were issued in consideration of Sprott agreeing to a 12 month extension of the facility term under the Credit Agreement.

(c) **The terms of the securities**

The Extension Shares were fully paid ordinary shares that ranked equally with all existing Shares then on issue.

(d) **The names of the persons to whom the securities were issued or the basis on which those persons were determined**

The Extension Shares were issued to the following parties as nominated by Sprott, none of which was a related party of the Company:

- (i) Sprott – 2,623,295 Extension Shares;
- (ii) Resource Income Partners, Limited Partnership – 2,581,322 Extension Shares; and
- (iii) Mr Neil Adshead – 41,973 Extension Shares.

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

The Company did not raise any funds from the issue of the Extension Shares as they were issued in consideration of Sprott extending the facility term under the Credit Agreement.

2.3 Directors' recommendations

For the reasons set out in Section 1.3, the Directors unanimously recommend that Shareholders vote in favour of 2.

3. Resolution 3: Approval to issue Shares to related party – Blue Spec Sondajes Chile SpA

3.1 Background

Resolution 3 seeks Shareholder approval under Listing Rule 10.11 for the Company to issue up to 21,645,017 Shares to Blue Spec at an issue price of \$0.12 per Share, to raise approximately \$2,597,402 under a Share Subscription Agreement between the Company and Blue Spec (**Blue Spec Subscription Agreement**).

Blue Spec's subscription occurred simultaneously with, and as part of, the Placement discussed in Section 1.1 above.

Listing Rule 10.11 provides that a company must not issue or agree to issue any equity securities (e.g. Shares), or other securities with rights to conversion to equity, to a related party without shareholder approval.

Blue Spec is a Chilean company associated with the Company's Chairman, Mr Murray Black. Accordingly, it is a related party of the Company for the purposes of the Listing Rules.

If Resolution 3 is approved, then approval is not required under Listing Rule Listing Rule 7.1 which sets a restriction on companies issuing equity securities where the securities will, when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

3.2 **Corporations Act exemption**

The Blue Spec Subscription Agreement is on substantially identical terms to the Subscription Agreements the subject of Resolution 2 above.

The issue price of Shares under the Blue Spec Subscription Agreement was above the then current trading price of Shares at the date of the agreement. Accordingly, the issue price more than reflects the value of those Shares as determined by the market.

The Directors (other than Mr Black) consider that the Shares will therefore be issued on arm's length terms for the purposes of section 210 of the Corporations Act and the Directors (other than Mr Black) consider that Shareholder approval for the provision of a financial benefit to a related party under section 208 of the Corporations Act is not required.

3.3 **Listing Rule information requirements**

Listing Rule 10.13 requires that the following information be provided to the Shareholders in relation to Resolution 3 for the purposes of obtaining approval under Listing Rule 10.11:

(a) **Name of the related party**

Blue Spec Sondajes Chile SpA, a corporation organised and existing under the laws of Chile.

(b) **Maximum number of securities to be issued**

21,645,017 Shares.

(c) **Date by which securities will be issued**

If Resolution 3 is approved, the Shares will be issued as soon as practicable following the date of the Meeting, and in any event, within 1 month of the date of the Meeting (or such longer period that ASX may permit).

(d) **Relationship requiring Shareholder approval**

The Company's Chairman, Mr Murray Black, is an executive of Blue Spec and controls a shareholding interest in Blue Spec of 20%. Mr Black is also a person who controls Blue Spec within the meaning of the Corporations Act, and accordingly Blue Spec is considered to be a related party of the Company for the purposes of the Listing Rules.

(e) **Issue price of the securities**

\$0.12 per Share to raise \$2,597,402.

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

The Company intends to use the funds for the same purposes as set out in Section 1.2(e) above.

3.4 **Directors' recommendations**

Mr Black declines to make a recommendation on how Shareholders should vote in respect of Resolution 3 as he holds material personal interest in the outcome of the Resolution through his association with Blue Spec.

The Directors (other than Mr Black) recommend Shareholders vote in favour of Resolution 3 as it will enable the Company to raise an additional \$2,597,402 of necessary working capital.

Glossary of defined terms

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

ASIC	The Australian Securities & Investments Commission.
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.
A\$ or \$	Australian dollars.
Blue Spec	Blue Spec Sondajes Chile SpA , a corporation organised and existing under the laws of Chile, with taxpayer identification number 76.138.502-k.
Board	The Board of Directors of the Company.
Chairman	The chairman of the General Meeting.
CMP	Compañía Minera del Pacífico S.A., a corporation organised and existing under the laws of Chile.
Corporations Act	The <i>Corporations Act 2001</i> (Cth).
Credit Agreement	Credit Agreement dated 26 June 2014 between Sprott (as lender), Company (as borrower), SMECL (as a guarantor) and SMEA (as a guarantor).
Definitive Feasibility Study	A feasibility study (or bankable feasibility study) in accordance with the JORC Code in respect of the Productora Project.
Director or Hot Chili Director	A director of the Company.
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.
Hot Chili or Company	Hot Chili Limited (ACN 130 955 725).
JORC Code	'The Australian Code for Reporting of Mineral Resources and Ore Reserves' published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia, as amended or replaced from time to time.
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.
Placement	Has the meaning given to that term in Section 1.1.
Preliminary Feasibility Study	A preliminary feasibility study in accordance with the JORC Code to assess whether extraction of ore from the Productora Project is economically mineable.

Productora or Productora Project	The Productora copper project owned by SMEA and operated by the Company, located near Vallenar, Chile.
Proxy Form	The proxy form accompanying the Notice.
Resolution	A resolution set out in the Notice.
Section	A section of this Explanatory Statement.
Share	A fully paid ordinary share in the Company.
Shareholder	The holder of a Share.
SMEA	Sociedad Minera El Águila SpA, a corporation organised and existing under the laws of Chile, with taxpayer identification number 76.032.211-3 and a subsidiary of the Company.
SMECL	Sociedad Minera El Corazón Limitada, a corporation organised and existing under the laws of Chile, with taxpayer identification number 76.032.199-0 and a subsidiary of the Company.
Sprott	Sprott Resource Lending Partnership (a general partnership organised and existing under the laws of the Province of Ontario).
WST	Australian Western Standard Time, being the time in Perth, Western Australia.

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 Chairman 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 Monday, 3 August 2015** at 1st 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.

NOTE: The Company encourages you to you to direct your proxy to vote for or against the Resolutions or to abstain from voting on each of the Resolutions. **If the Chairman is appointed your proxy, the Chairman intends to vote all undirected proxies FOR each Resolution.**

Should you wish to direct your proxy how to vote, please mark FOR, AGAINST or ABSTAIN in the voting boxes below.

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

		For	Against	Abstain
Resolution 1	Ratification of Share issue – placement to non-related parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of Share issue – extension of Sprott facility term	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval to issue Shares to related party - Blue Spec Sondajes Chile SpA	<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