

Hot Chili Limited ACN 130 955 725
First Floor, 768 Canning Highway, Applecross, Western Australia 6153
PO Box 1725, Applecross, Western Australia 6953
P: +61 8 9315 9009 F: +61 8 9315 5004
www.hotchili.net.au



ASX ANNOUNCEMENT

Friday 8th July 2016

Oversubscribed A\$4.4 Million Placement Underpins Rapid Assessment of High-Grade Sierra Zapallo Gold Deposit at Productora

Hot Chili Limited (ASX Code: HCH) ("Hot Chili" or the "Company") is pleased to announce that it has successfully completed a placement to sophisticated and institutional investors through the issue of new shares at an average price of 5 cents per share (the "Placement").

The average issue price represents a discount of 10.7% to Hot Chili's last close of 5.6 cents.

The Placement, which originally targeted A\$2.5 million, has been heavily oversubscribed and the Company has agreed to accept over-subscriptions to raise A\$4.4 million.

Funds from the Placement will be used to advance an assessment of the exciting high-grade Sierra Zapallo gold deposit at Productora, as well as to provide general working capital for the Company.

The Placement saw strong demand from existing major shareholders, as well as professional and sophisticated investors in Australia and Chile.

Hartleys Limited acted as sole Lead Manager to the Placement.

Christian Easterday, Managing Director of Hot Chili, said the strong response to the Placement was very encouraging as the Company focusses on achieving several near-term catalysts at its advanced Productora copper-gold project in Chile.

"The successful Placement comes in addition to our announcement today concerning our partner CMP lifting their stake in Productora to 20% and our loan facility with Sprott being paid down by US\$3 million and extended by 12 months, to 30 June 2017."

ASX CODE

HCH

Contact

Mr Christian Easterday
Managing Director

E: admin@hotchili.net.au

www.hotchili.net.au





"Our primary focus will be to continue advancing Productora toward a decision to mine, in particular preparing for the commencement of a porphyry drilling campaign, which has the potential to be a game changer if drilling returns successful results.

"The Company is also well placed to add significant near-term value through the commencement of a low-cost exploration and resource development assessment of the substantial Sierra Zapallo high-grade gold opportunity at Productora.

"We expect a strong flow of news over the coming 12 months as Productora continues to unlock its full potential" Mr Easterday said.

Sierra Zapallo- High Grade Gold Growth Opportunity Revealed

Hot Chili is pleased to confirm that it has commenced evaluation of an exciting new gold growth opportunity located within the southern extent of the Productora copper-gold project area - the historical Sierra Zapallo high-grade gold deposit.

The Sierra Zapallo gold deposit has seen significant historical small-scale gold production, and is located immediately to the south of the existing Productora copper-gold deposit. The area boasts approximately 900 metres in strike extent of primary high-grade, sub-vertical, gold-bearing quartz veins (gold reefs).

Assessment of the Sierra Zapallo deposit offers the potential to delineate a significant high-grade, open pitable gold deposit in a short period of time.

Given that Productora already has a substantial JORC Code (2012) compliant Mineral Resource base which includes approximately 1M ounces of gold¹(see qualifying statements at the end of this announcement), the addition of a high-grade gold deposit could substantially enhance the value of the project and generate an exciting near-term development option.

¹ Refer to ASX Announcement published 2nd March 2016

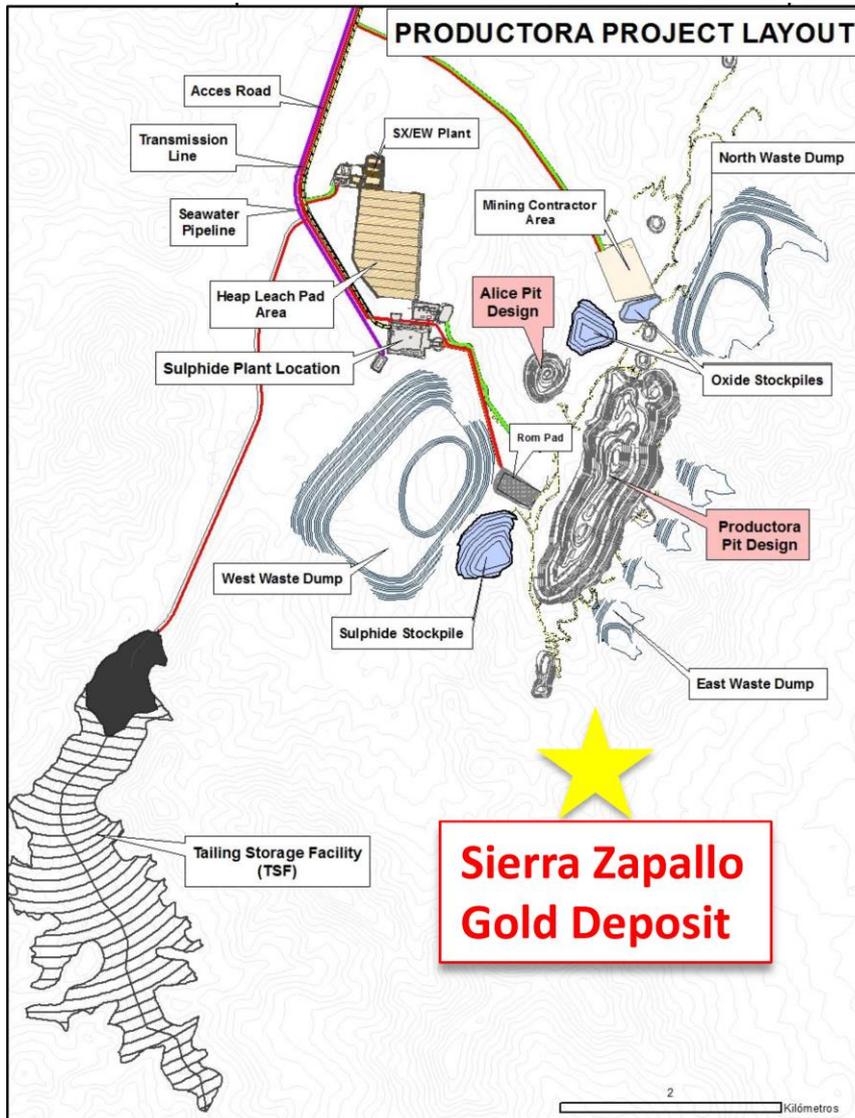


Figure 1. Location of Sierra Zapallo gold deposit with the Productora copper-gold project

About Sierra Zapallo

During 2012, Hot Chili undertook copper focused mapping, surface sampling and drilling at Sierra Zapallo - gold was not the focus of these early exploration efforts.

No less than thirteen NW-trending high-grade gold reefs, which are generally strike persistent over 300-400m, have been mapped across surface and underground workings with surface rock chip results indicating average grades in excess of 5g/t gold where sampled. Rock-chip gold results at Sierra Zapallo are displayed in Figure 2.

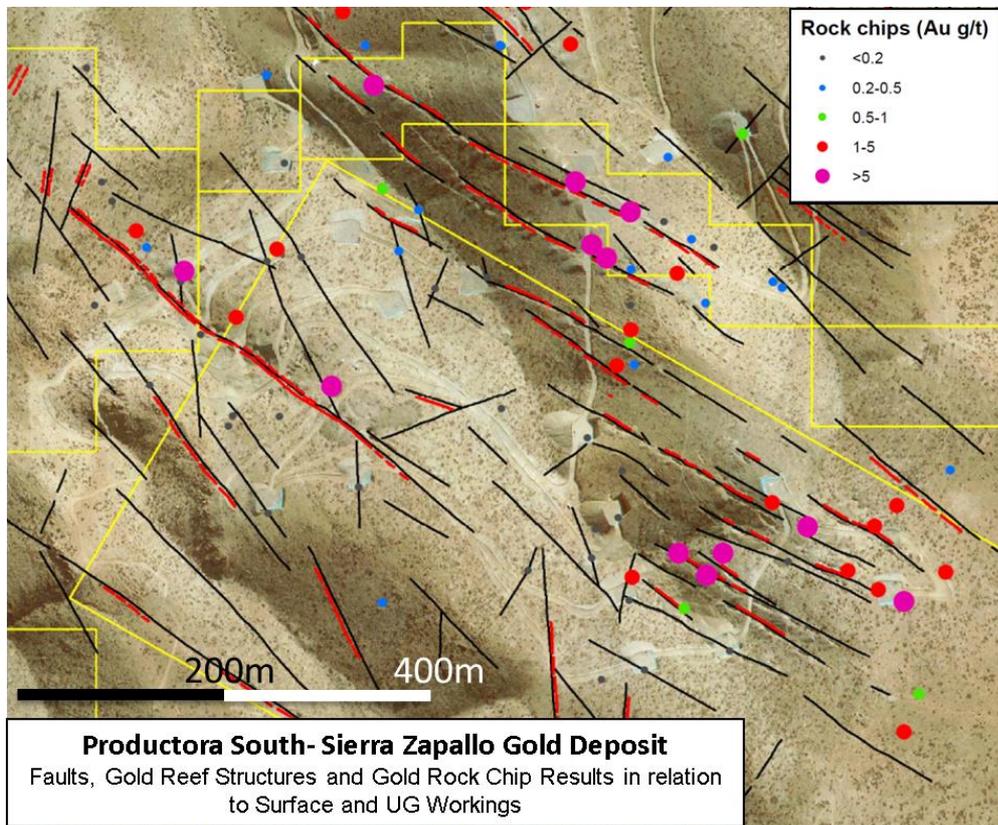


Figure 2. Hot Chili mapping and surface rock-chip gold results at Sierra Zapallo.

First-pass drilling by Hot Chili, where gold analysis was undertaken, included: 1m grading 57.2g/t gold, 0.3% copper and 12g/t silver from 37m down-hole, and 1m grading 5.7g/t gold, 0.5% copper and 5g/t silver from 21m down-hole (previously announced to ASX on 10th October 2012 'High-grade Gold in First Drilling at Productora South'). These results are highlighted in Figure 3 below.

High-grade gold is associated with narrow (0.5 - 2m true width), quartz-pyrite veins enriched in silver +/-copper and displaying strong along-strike continuity.

The majority of gold reefs are densely clustered across a hill (Sierra) indicating possible favourable strip ratios for open cut development of any future defined gold mineralisation.

Importantly, gold was not systematically assayed in the first drilling undertaken over Sierra Zapallo, and drilling was re-directed to the Productora Main Zone prior to the completion of first-pass drilling over the area in 2012.

The Company is now planning to commence a systematic gold sampling programme across previous drilling samples and the outcropping gold reefs

exposed at surface as part of an initial resource assessment in advance of drill planning.

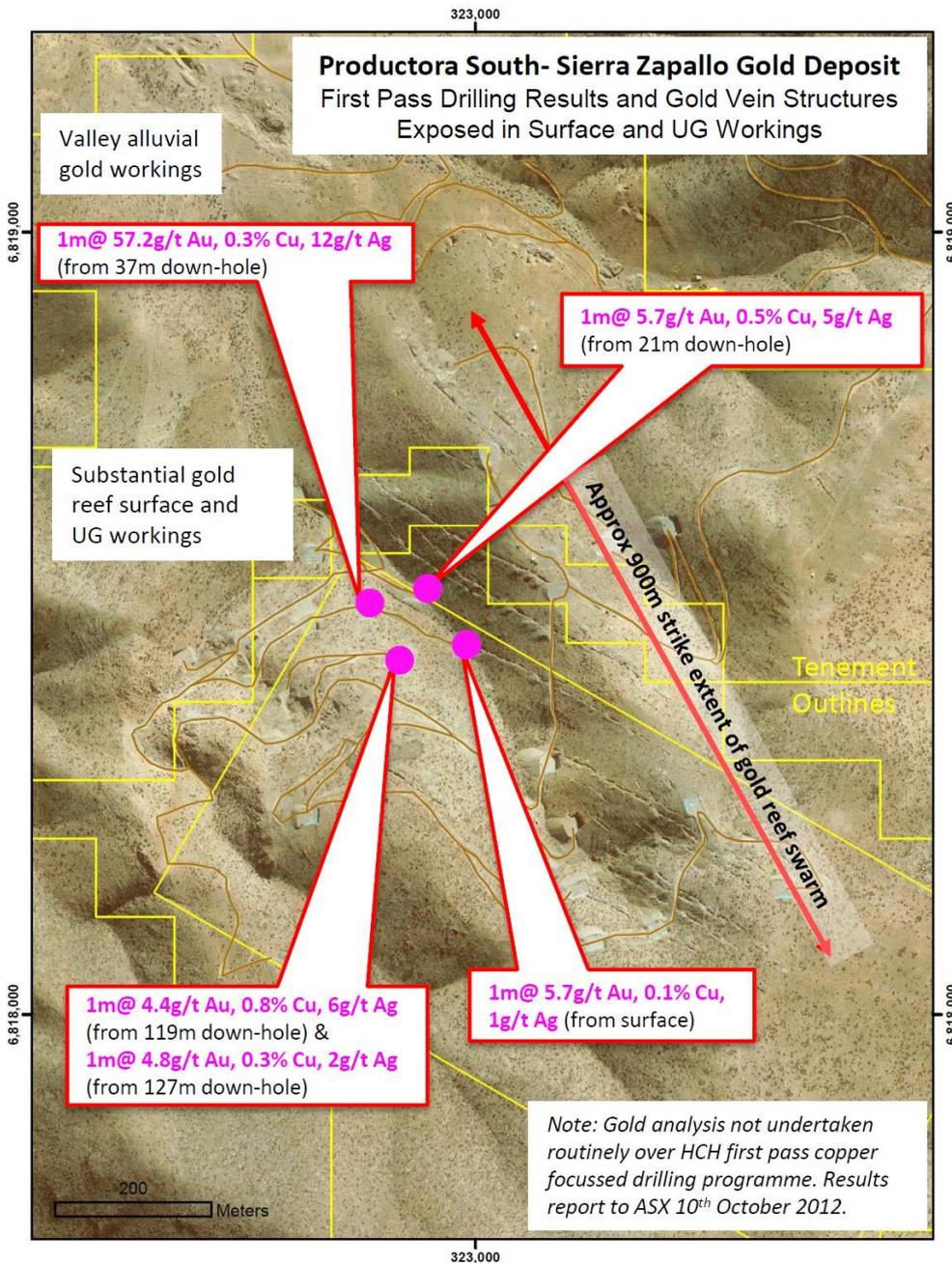


Figure 3. Selected significant drilling results in relation to small-scale gold workings at Sierra Zapallo.

Hot Chili Limited ACN 130 955 725
First Floor, 768 Canning Highway, Applecross, Western Australia 6153
PO Box 1725, Applecross, Western Australia 6953
P: +61 8 9315 9009 F: +61 8 9315 5004
www.hotchili.net.au



Hot Chili looks forward to confirming details of the exploration and resource development assessment of Sierra Zapallo shortly.

Details of the Placement

The Placement which raised A\$4.4 million, has been made to professional and sophisticated investors, and will be undertaken in two tranches:

- The first tranche of approximately 72 million new shares will be issued on a basis to achieve a net issue price of 5 cents, and will not be subject to shareholder approval as it falls within the Company's 15% placement capacity under ASX Listing Rule 7.1 and additional 10% placement capacity under ASX Listing Rule 7.1A.
- The second tranche of approximately 16 million new shares subscribed by Blue Spec Drilling Pty Ltd, an entity associated with Hot Chili's Chairman Murray Black, is conditional upon shareholder approval.

The 72 million new shares issued in the first tranche will be issued on a basis to achieve a net issue price of 5 cents per share as follows:

- a) 30 million shares at \$0.036 issued pursuant to the Company's Listing Rule 7.1 capacity; and
- b) 42 million shares at \$0.06 per share issued pursuant to the Company's Listing Rule 7.1A capacity.

Hot Chili will convene a General Meeting to approve the second tranche of the Placement, which is expected to take place in mid-August 2016. Settlement of the second tranche of the Placement will take place shortly after the General Meeting.

For more information please contact:

Christian Easterday

+61 8 9315 9009

Managing Director

Email: christian@hotchili.net.au

or visit Hot Chili's website at www.hotchili.net.au



Productora Project- Previously Reported Drilling Intersections

Hole_ID	Coordinates			Azim.	Dip	Hole Depth	Intersection		Interval (m)	Gold (g/t Au)	Copper (% Cu)	Silver (g/t Ag)
	North	East	RL				From	To				
PRP0243	6,818,517	322,867	1006	75	-60	270	37	38	1	57.2	0.3	12
PRP0245	6,818,476	322,992	1008	75	-60	250	21	22	1	5.7	0.5	5

**Previously Released to the ASX 10th October, 2012*

Notes to Significant Drilling Intersections

- All drill holes with pre-fix "PRP" are reverse circulation (RC) and all drill holes with suffix "D" are diamond holes.
- Results comprise ICP analysis (ME-ICP61) of all 1m whole core samples (D); 1m selective cone split samples (RC) and 4m composite samples (RC).
- Priority AAS analysis (CU-AA62 ore grade analysis) results were utilised where analysis was undertaken for copper results greater than 1.0%.
- Gold analysis only undertaken over copper results greater than 0.1%. All gold results comprise ICP analysis (Au-ICP21).
- All results were analysed by ALS Global (La Serena) laboratories.



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

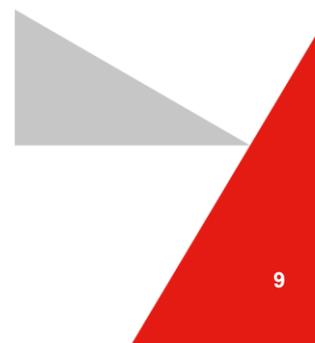
The information in this report that relates to Mineral Resources and Ore Reserve estimates on the Productora copper projects were originally reported in the ASX announcements “Hot Chili Delivers PFS and Near Doubles Reserves at Productora” dated 2nd March 2016. The company confirms that it is not aware 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 full-time employee of Hot Chili Ltd 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



Hot Chili Limited ACN 130 955 725
First Floor, 768 Canning Highway, Applecross, Western Australia 6153
PO Box 1725, Applecross, Western Australia 6953
P: +61 8 9315 9009 F: +61 8 9315 5004
www.hotchili.net.au



Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code 2012). Both Mr Macdonald and Mr Kirchner consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Competent Person's Statement- Ore Reserves

The information in this Announcement that relates to Productora Project Ore Reserves, is based on information compiled by Mr Carlos Guzmán, Mr Boris Caro, Mr Leon Lorenzen and Mr Grant King. Mr Guzmán is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM), a Registered Member of the Chilean Mining Commission (RM- a 'Recognised Professional Organisation' within the meaning of the JORC Code 2012) and a full time employee of NCL Ingeniería y Construcción SpA (NCL). Mr Caro is a full-time employee of Hot Chili Ltd 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.



Appendix- JORC Code, 2012 Edition Table 1

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> 	<ul style="list-style-type: none"> • Reverse circulation drilling (RC) was used to produce a 1m bulk sample and representative 1m split samples (12.5%, or nominally 3kg) were collected using a cone splitter. Diamond drilling was used to produce drill core with a diameter of 63.5mm (HQ). Diamond holes were logged and sampled in their entirety. Diamond core was whole sampled in one metre intervals, regardless of geological interpretation. • RC sample representivity was ensured by a combination of Company Procedures regarding quality controls (QC) and quality assurance / testing (QA). <ul style="list-style-type: none"> ○ Examples of QC include (but are not limited to), daily workplace and equipment inspections, as well as drilling and sampling procedures. ○ Examples of QA include (but are not limited to), collection of drilling duplicates ("field duplicates"), the use of certified standards and certified blank samples, as well as umpire-laboratory checks. • Industry standard practices for sampling techniques were employed at the Productora project. Geological logging was completed and mineralised intervals were determined by the geologists to be submitted as 1m split samples. In zones logged as unmineralised geologists directed field assistants to collect a 4m composite sample and this was submitted to the laboratory for analysis. If these 4m composite samples came back with Cu grade > 0.1% the corresponding original 1m split samples were collected and submitted to the laboratory for analysis. • The drill samples (RC and diamond) were submitted to ALS La Serena. Laboratory analysis involved: sample crushed to 70% > 2mm, riffle/ rotary split off 1kg, pulverize split to > 85% passing 75 microns, then 100g analysis by ME-ICP61 technique. • Samples were submitted to ALS Global, La Serena which is ISO accredited.
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-</i> 	<ul style="list-style-type: none"> • The Reverse Circulation drilling method was predominantly down-the-hole hammer drilling with 140 to 130mm diameter drill bits used. • Diamond drilling used HQ drill bits (96mm external and 63.5mm



Criteria	JORC Code explanation	Commentary
	<i>sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	internal diameter). Diamond drilling was double tube. Diamond core was oriented by the Reflex ACT III core orientation tool.
Drill sample recovery	<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> 	<ul style="list-style-type: none"> • Drilling techniques to ensure adequate RC sample recovery included the use of “booster” air pressure as well as limits on angle of drilling. Air pressure used for RC drilling was 700-800psi. • 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: <ul style="list-style-type: none"> ○ sample condition, sample recovery, sample collection method (ie. split or composite), and comments ▪ Overall logging of RC sample recovery at Sierra Zapallo recorded > 95% of sample recovery as “Good” ▪ RC sample intervals recorded ~70% 1m split samples, and ~30% 4m composite samples (generally composite samples are located in unmineralised zones) • 1m split sample weights submitted for analysis averaged 3.5kg. There does not appear to be any bias in sample weight with respect to sample depth, in fact sample weight slightly increases with depth from ~3.8kg at surface to 4kg at 500m depth down-hole. • The sample condition was reviewed with average weight for dry sample being 3.4 kg, moist samples 3.0kg, and wet samples 4.0kg, showing fairly consistent weights across all sample conditions. • Sample weights and corresponding assay grades were reviewed and no discernible bias was detected.
Logging	<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</i> 	<ul style="list-style-type: none"> • Geological logging of samples followed established company and industry common procedures. Qualitative logging of samples included (but was not limited to); lithology, mineralogy, alteration, veining and weathering. • Every metre (100%) of RC drilling was geologically logged and sampled. • Quantitative alteration geochemistry characterization was also



Criteria	JORC Code explanation	Commentary
	<p><i>costean, channel, etc) photography.</i></p> <ul style="list-style-type: none"> <i>The total length and percentage of the relevant intersections logged.</i> 	<p>completed using ME-ICP61 assay data.</p>
Sub-sampling techniques and sample preparation	<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> <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> Splitting of RC samples occurred via a rotary cone splitter by the RC drill rig operators. Cone Splitting of RC drill samples occurred regardless of whether the sample was wet or dry. Company procedures were followed to ensure sub-sampling adequacy and consistency. These included (but were not limited to), daily work place inspections of sampling equipment and practices, as well as drilling/ sub-sample duplicates (“field duplicates”). <ul style="list-style-type: none"> RC Sample condition was routinely recorded Field duplicates were taken at a rate of 1 in every 50th metre of drilling. Results of field duplicate assays give confidence that acceptable relative levels of accuracy and precision of assay data returned from Productora. Sample sizes (width and length) were based on industry best practice and mineralisation style. Previous comparison between diamond and RC samples at Productora shows an acceptable correlation and supports the use of RC samples as representative of the in-situ material.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>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.</i> <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks)</i> 	<ul style="list-style-type: none"> All samples (RC chips and diamond core) were assayed by industry standard methods. All samples were submitted to ALS, La Serena for analysis. Sample preparation involved: <ul style="list-style-type: none"> sample crushed to 70% > 2mm, riffle split off 1kg, pulverize split to > 85% passing 75 microns Analytical Technique involved: <ul style="list-style-type: none"> ALS Method ME-ICP61 (31 element analysis), with additional assaying triggered as follows; samples which returned copper >1,000ppm were analysed for gold by ALS Method Au-ICP21 (30g Fire Assay). Reported gold significant intersections may in some instances represent the average of gold results within the zone of



Criteria	JORC Code explanation	Commentary
	<p><i>and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i></p>	<p>intersection, with some intervals not having been assayed for gold (ie. where assayed copper returned <0.1% Cu)</p> <ul style="list-style-type: none"> Routine “mineralized” Certified Reference Material (CRM) were inserted by Hot Chili Ltd at a rate of 1 in 50 samples. Routine Blank Certified Reference Material (“Blanks”) were inserted by Hot Chili Ltd at a rate of 1 in 100 samples. Results from CRM (standards, blanks), and results from umpire laboratory testwork (ACME), gives confidence in the accuracy and precision of assay data returned from ALS. The analytical laboratory (ALS) also provided their own routine quality controls within their own practices. The results from their own validations were provided to Hot Chili Ltd.
Verification of sampling and assaying	<ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> Routine Umpire laboratory checks have not been performed at Sierra Zapallo, as it is in early stage exploration. All coarse reject and pulp samples are kept in storage on site at Productora should independent verification be required at a later date. Twinned diamond holes have not been competed at Sierra Zapallo, as it is in early stage exploration. Hot Chili has strict procedures for data capture, flow and data storage, a full description of these procedures is included in the resource report. Limited adjustments were made to returned assay data; values returned lower than detection level were set to the methodology’s detection level, and this was flagged by code in the database. Additionally, copper values are converted from ppm to %. Various analytical techniques have been used for analysis of ore grade elements (including Au and Cu), therefore a ranking has been applied to these elements ensuring the highest priority assay value is used for resource estimation. All assay values (from all analytical techniques) are stored in the database for completeness.
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> 	<ul style="list-style-type: none"> Collar surveys were completed by topographical surveying company (Geotopo’s Exploraciones). Down-hole directional surveys using a gyroscopic instrument were completed by reputable down-hole surveying company’s Wellfield (pre June 2013) and North Tracer (post June 2013). Down-hole surveys were completed using a north-seeking



Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<p>gyroscope, eliminating the risk of magnetic interference.</p> <ul style="list-style-type: none"> • The WGS 84 UTM Zone 19S coordinate system was used for all Hot Chili undertakings. • Magnetic north has been used for directional surveys. • Accuracy and adequacy of topographic control was validated visually in 3D software by comparison of drill collar locations and high resolution satellite (1m contours) derived DEM.
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> 	<ul style="list-style-type: none"> • Drillhole spacing at Sierra Zapallo is nominally 120m x 60m over areas of denser drill coverage, however a systematic drill pattern has not been completed in the area. • The drilling completed was first-pass exploration with the spacing being sufficient for this purpose. • In unmineralised areas four metre composite samples were taken. These 4m composite samples represent ~25% of the assay sample data, while the 1m split samples comprise ~75% of the samples. The majority of the 4m composite samples lie outside the mineralised geological wireframes.
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> 	<ul style="list-style-type: none"> • The drillhole orientation at Sierra Zapallo was chosen to target both steeply-dipping NNE trending copper mineralisation, and the WNW trending sub-vertical high-grade gold reef style mineralisation. Drilling was nominally perpendicular to the high grade sub-vertical gold mineralisation. • Drilling orientation and subsequent sampling is unbiased in its representation of reported material.
Sample security	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • Hot Chili has strict chain of custody procedures that are adhered to for drill samples. All samples for each batch 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.
Audits or	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of</i> 	<ul style="list-style-type: none"> • Coffey Mining Limited has completed an audit on the sampling techniques and data used at the broader Productora project.



Criteria	JORC Code explanation	Commentary
reviews	<i>sampling techniques and data.</i>	This audit has involved a site visit, review of drilling and sampling techniques, and independent grab sampling and analysis by an umpire laboratory.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> 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. The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area. 	<ul style="list-style-type: none"> Hot Chili (through its subsidiary company SMEA SpA) controls an area measuring approximately 12.5km N-S by 5km E-W at the project through various agreements with private land holders; CMP (Chile's largest iron ore producer) and government organisations. There is a joint venture agreement between HCH and CMP that encompasses all leases at the Productora project, whereby HCH owns 80% and CMP owns 20%. Lease agreements at Sierra Zapallo are owned 100% by the Joint Venture company (80% HCH, 20% CMP). The leases at Sierra Zapallo are "Exploitation Concessions" (Mining Lease would be the Australian equivalent term).
Exploration done by other parties	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> Exploration at the Productora Project has been completed by: <ul style="list-style-type: none"> CCHEN (Chilean Nuclear Commission) in the late 1980's: <ul style="list-style-type: none"> Mapping, geochemical sampling, ground spectrometry, magnetometry, trenching, drilling (28 shallow percussion holes). Focus was on near surface, secondary uranium potential). GMC-Teck in the 1990's <ul style="list-style-type: none"> Compilation of mapping, surface geochemical sampling, ground geophysics (IP), percussion drilling. Thesis (Colorado School of Mines), 1990's <ul style="list-style-type: none"> Thesis completed which involved field mapping, laboratory studies (petrology, whole rock geochemistry, geochronology, x-ray diffraction, sulphur isotope analysis).



Criteria	JORC Code explanation	Commentary
Geology	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> • Gold mineralisation at Sierra Zapallo appears to be related to a small-scale fracture-fault network linked to a large northwest oriented cross fault. Primary gold mineralisation is present within numerous narrow fault and quartz-pyrite vein zones (<5m wide gold reefs) that make up the Sierra Zapallo fault corridor. • The Sierra Zapallo fault corridor is at least 2km wide. The most deformed part of the fault corridor is at least 600m wide and hosts significant gold mineralisation developed within small-scale fault segments in both veins and fault gouge. • Numerous historical small-scale workings are located along the line of the gold-mineralised fault segments. Significant gold has been exploited from an extensive gold palaeochannel system located immediately downstream from the primary bedrock mineralisation.
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 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> 	<ul style="list-style-type: none"> • A complete list of all holes reported as significant exploration results are provided in Productora Project- New Significant Drilling Intersections table • This listing includes: <ul style="list-style-type: none"> ○ collar coordinates (WGS84 Zone 19 South), ○ hole orientation (dip and azimuth- magnetic), ○ downhole intersection depth and length ○ total hole depth ○ length weighted average grade for Au g/t, Cu%, and Ag g/t ○ Length weighted average grade is rounded to one decimal place • No material drillhole information has been excluded
Data aggregation	<ul style="list-style-type: none"> • <i>In reporting Exploration Results, weighting averaging techniques,</i> 	<ul style="list-style-type: none"> • In reported exploration results, length weighted averages are used for any non-uniform intersection sample lengths.



Criteria	JORC Code explanation	Commentary																				
methods	<p><i>maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i></p> <ul style="list-style-type: none"> <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>Length weighted average is (sum product of interval x corresponding interval assay grade), divided by sum of interval lengths and rounded to one decimal place</p> <ul style="list-style-type: none"> For example an aggregation of results could look like the below: <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>From</th> <th>To</th> <th>Interval</th> <th>Grade Cu%</th> </tr> </thead> <tbody> <tr> <td>236</td> <td>240</td> <td>4</td> <td>0.623</td> </tr> <tr> <td>240</td> <td>241</td> <td>1</td> <td>0.25</td> </tr> <tr> <td>241</td> <td>242</td> <td>1</td> <td>0.451</td> </tr> <tr> <td>242</td> <td>243</td> <td>1</td> <td>0.861</td> </tr> </tbody> </table> <p>Weighted average = ((4 x 0.623) + (1 x 0.25) + (1 x 0.451) + (1 x 0.861)) / (4+1+1+1) = 7m @ 0.58% Cu</p> <ul style="list-style-type: none"> Exploration results are nominally reported where gold results are greater than 0.5g/t Au, No top-cutting of high grade assay results has been applied, nor was it deemed necessary for the reporting of significant intersections. No metal equivalent values have been reported 	From	To	Interval	Grade Cu%	236	240	4	0.623	240	241	1	0.25	241	242	1	0.451	242	243	1	0.861
From	To	Interval	Grade Cu%																			
236	240	4	0.623																			
240	241	1	0.25																			
241	242	1	0.451																			
242	243	1	0.861																			
Relationship between mineralisation widths and intercept lengths	<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> 	<ul style="list-style-type: none"> Sierra Zapallo gold mineralisation trends WNW and is sub-vertical in nature and. Drilling completed at Sierra Zapallo was nominally perpendicular to mineralisation ie. 60 degrees toward 075 (ie. ENE), meaning that intersection widths are broadly representative of the true width of mineralisation. Where practical the drilling orientation has been designed to intersect mineralisation perpendicular to the lode orientation, however due to topographical conditions this is not always possible. 																				
Diagrams	<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</i> 	<ul style="list-style-type: none"> Refer to figures in announcement. A plan view of reported significant intersection drillhole collar locations is included. 																				



Criteria	JORC Code explanation	Commentary
	<p><i>include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i></p>	
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> It is not practical to report all exploration results. Unmineralised intervals 0.5g/t Au have not been reported.
Other substantive exploration data	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Other exploration data available: <ul style="list-style-type: none"> Surface mapping- geological observations (lithological and structural, and surface geochemical samples) Geophysical and radiometric surveys (airborne) Pycnometer analysis is performed on every 25th RC metre
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> Follow up exploration infill and extensional drilling (gold-silver- copper). Detailed mapping and channel sampling of identified gold bearing reef structures Drill targeting of conceptual high grade shoots at depth, along strike and down plunge will also be a focus for future exploration.