Quarterly Report

Period Ending June 30th 2016

Highlights and Summary of Activities

- Hot Chili has substantially strengthened the Company’s balance sheet during the quarter, through:
  - An increase in our partner’s Compañía Minera del Pacífico S.A. (CMP) participation in the Productora copper-gold project in Chile through the purchase of an additional 2.5% interest for US$1.5 million,
  - A significant reduction and extension to the Sprott Loan Facility, and
  - Arrangement of a heavily oversubscribed A$4.4 million Placement

- Preparations continue to advance ahead of the Company’s plans to test a number of large-scale copper porphyry targets at Productora.

- Hot Chili also confirmed that it has commenced evaluation of an exciting new gold growth opportunity located in the southern extent of the Productora copper-gold project - The historical Sierra Zapallo high-grade gold deposit.

The Company is very pleased to have announced three important finance arrangements during the quarter which have significantly strengthened the Company’s financial position.

In addition, the Company is continuing to work with its partner CMP towards mapping out Productora’s next steps and agreeing to potential amendments which may be incorporated into the existing CMP Option agreement.

Hot Chili’s exploration team is underway with work streams in advance of drill planning to test two exciting growth opportunities at Productora:

1. The Sierra Zapallo high grade gold deposit, and
2. Several large-scale copper porphyry targets
Strengthened Financial Position

CMP Purchase Additional Stake in Productora for US$1.5 Million

Hot Chili’s Chilean Joint Venture partner Compañía Minera del Pacífico S.A. (CMP) has purchased an additional 2.5% interest in the Productora copper project for US$1.5 million.

The additional stake now takes CMP’s interest in Productora to 20%.

The project level transaction values Hot Chili’s 80% interest in Productora at circa A$64 million, several multiples above the Company’s current market capitalisation. It also demonstrates CMP’s ongoing participation in the development of Productora.

Sprott Loan Reduced and Extended

Funds from the CMP transaction have been fully applied to reducing Hot Chili’s loan facility (Facility) with Sprott Resource Lending Partnership (Sprott).

On Thursday 30th June, Hot Chili reduced the Sprott Facility balance to US$6.5 million through the payment of US$3 million. In addition, Sprott and Hot Chili have executed a 12 month extension to the Facility which will now be due for repayment on 30th June 2017.

Oversubscribed A$4.4 Million Placement

Late in the quarter, Hot Chili also successfully arranged a placement to sophisticated and institutional investors through the issue of New Shares at 5 cents per share (the “Placement”).

The issue price represented a discount of 10.7% to Hot Chili’s previous close of 5.6 cents.

The Placement, which originally targeted A$2.5 million, was heavily oversubscribed and the Company agreed to accept over-subscriptions up to a maximum A$4.4 million.

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

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

Hartleys Limited acted as Sole Lead Manager and Corporate Advisor to the Placement.
Exploration of High Grade Gold Deposit at Productora Commences

An exploration surface sampling and mapping programme is underway over the exciting Sierra Zapallo high grade gold deposit, located in the southern extent of the Company's flagship Productora copper-gold project in Chile (Figure 1).

This work programme marks the first stage in the rapid assessment of a high grade gold growth opportunity at Productora, which has the potential to substantially enhance Productora's Mineral Resource inventory which currently totals approximately 1.5Mt of copper metal and 1Moz of gold (see ASX announcement dated 2nd March 2016).

More than thirteen strike-continuous gold-reefs are exposed in outcrop and small-scale workings at Sierra Zapallo. Previous exploration completed by Hot Chili in 2012 indicates that the gold reefs are sub-vertical, range between 300-400m in strike length, are generally 0.5 to 2 metres in true width and average over 5g/t Au where sampled and analysed for gold by Hot Chili (see ASX announcement dated 12th October 2012).

First-pass drilling by Hot Chili in 2012, 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 is associated with 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 exploration programme currently being undertaken involves a systematic assessment of the width, grade and nature of individual gold-bearing quartz veins (gold reefs) that are exposed at surface over the Sierra Zapallo gold deposit.

The results of this programme will be utilised to refine targets in advance of a gold-focussed drilling campaign.
Figure 1. Location of Sierra Zapallo gold deposit within the Productora copper-gold project
Figure 2. View across the southern extent of the Productora copper-gold project in Chile. A swarm of significant gold reefs (red) have been historically exploited in small-scale workings at Sierra Zapallo. The area also features an area of historical alluvial gold workings (green) located along the valley floor at the base of Sierra Zapallo.

Productora Next Steps

Hot Chili and CMP Co-operating to Plan Path Forward

Following announcement of Productora’s Pre-feasibility Study (PFS) in early March this year, Hot Chili and CMP have worked together to assess the next steps required to advance Productora toward a decision to mine.

Activities being discussed include the exploration and drilling assessment of Productora’s copper porphyry potential as well as a number of interim engineering study activities aimed at further de-risking and strengthening the projects’ economics.

Aside from outlining a prescribed programme of potential project activities, Hot Chili and CMP are now focused on agreeing to potential amendments which may be incorporated into the existing CMP Option agreement in order to ensure a sustainable agreement between the parties.

Once this process is complete and Board approved by both companies, Hot Chili intends to announce any amendments to the existing CMP Option Agreement and seek shareholder approval.
Exploration of Large-scale Copper Porphyry Potential Advancing

During the quarter, Hot Chili’s exploration team have been refining its exploration planning to text several large-scale copper porphyry targets which lie immediately adjacent to the Company’s planned central pit.

The targets were detected using an advanced IP/MT (Induced Polarisation & Magneto-Telluric) geophysical survey over a +6.5km long copper porphyry corridor which has been the focus of significant exploration efforts by the Company following the discovery of the Alice copper porphyry some 18 months ago.

The Company plans to undertake the geophysical infill survey (IP/MT) during the coming quarter and then incorporate these results into final target definition prior to planned drilling.

The Company believes the copper porphyry targets are potentially game changing for the Productora project with the potential to provide further scale and mine life.

These targets are outlined on figure 2 below.

For personal use only
Figure 3. Location of copper porphyry IP targets in relation to the planned Productora central pit.
Health, Safety, Environment and Quality

Hot Chili’s sustainability framework ensures an emphasis on business processes that target long-term economic, environmental and social value. The Company is dedicated to continual monitoring and improvement of health, safety and the environmental systems.

The company is pleased to report that there were no incidents recorded for the quarter. Field operations during the period were limited to geology field tours and general site maintenance to existing drilling platforms and access tracks.

The Company’s HSEQ quarterly performance is summarised below:

<table>
<thead>
<tr>
<th>Item</th>
<th>April-June /16</th>
<th>Last 24 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTI events</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>NLTI events</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Days lost</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>LTIFR index</td>
<td>0</td>
<td>16.4</td>
</tr>
<tr>
<td>ISR index</td>
<td>0</td>
<td>420.3</td>
</tr>
<tr>
<td>Thousands of mh (1)</td>
<td>0.1</td>
<td>304.5</td>
</tr>
<tr>
<td>Environmental incidents</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Headcount (1)</td>
<td>2</td>
<td>-</td>
</tr>
</tbody>
</table>

Notes: HSEQ is the acronym for Health, Safety, Environment and Quality. LTIFR per million man hours. Safety performance is reported on a monthly basis to the National Mine Safety Authority on a standard E-100 form; (1) man-hours; (2) Average monthly headcount.

Tenement Changes during the Quarter

No tenement changes occurred during the quarter.
Qualifying Statements

JORC Compliant Ore Reserve Statement

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

<table>
<thead>
<tr>
<th>Ore Type</th>
<th>Reserve Category</th>
<th>Tonnage (Mt)</th>
<th>Cu (%)</th>
<th>Au (g/t)</th>
<th>Mo (ppm)</th>
<th>Copper (tonnes)</th>
<th>Gold (ounces)</th>
<th>Molybdenum (tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oxide</td>
<td>Probable</td>
<td>24.1</td>
<td>0.43</td>
<td>0.08</td>
<td>49</td>
<td>103,000</td>
<td>59,600</td>
<td>1,200</td>
</tr>
<tr>
<td>Transitional</td>
<td>Probable</td>
<td>20.5</td>
<td>0.45</td>
<td>0.08</td>
<td>92</td>
<td>91,300</td>
<td>54,700</td>
<td>1,900</td>
</tr>
<tr>
<td>Fresh</td>
<td></td>
<td>122.4</td>
<td>0.43</td>
<td>0.09</td>
<td>163</td>
<td>522,500</td>
<td>356,400</td>
<td>20,000</td>
</tr>
<tr>
<td>Total</td>
<td>Probable</td>
<td>166.9</td>
<td>0.43</td>
<td>0.09</td>
<td>138</td>
<td>716,800</td>
<td>470,700</td>
<td>23,100</td>
</tr>
</tbody>
</table>

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


<table>
<thead>
<tr>
<th>Deposit</th>
<th>Classification</th>
<th>Tonnage (Mt)</th>
<th>Cu (%)</th>
<th>Au (g/t)</th>
<th>Mo (ppm)</th>
<th>Copper (tonnes)</th>
<th>Gold (ounces)</th>
<th>Molybdenum (tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Productora</td>
<td>Indicated</td>
<td>166.8</td>
<td>0.50</td>
<td>0.11</td>
<td>151</td>
<td>841,000</td>
<td>572,000</td>
<td>25,000</td>
</tr>
<tr>
<td></td>
<td>Inferred</td>
<td>51.9</td>
<td>0.42</td>
<td>0.08</td>
<td>113</td>
<td>219,000</td>
<td>136,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Sub-total</td>
<td></td>
<td>218.7</td>
<td>0.48</td>
<td>0.10</td>
<td>142</td>
<td>1,059,000</td>
<td>708,000</td>
<td>31,000</td>
</tr>
<tr>
<td>Alice</td>
<td>Indicated</td>
<td>15.3</td>
<td>0.41</td>
<td>0.04</td>
<td>42</td>
<td>63,000</td>
<td>20,000</td>
<td>600</td>
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<tr>
<td></td>
<td>Inferred</td>
<td>2.6</td>
<td>0.37</td>
<td>0.03</td>
<td>22</td>
<td>10,000</td>
<td>2,000</td>
<td>100</td>
</tr>
<tr>
<td>Sub-total</td>
<td></td>
<td>17.9</td>
<td>0.41</td>
<td>0.04</td>
<td>39</td>
<td>73,000</td>
<td>23,000</td>
<td>700</td>
</tr>
<tr>
<td>Combined</td>
<td>Indicated</td>
<td>182.0</td>
<td>0.50</td>
<td>0.10</td>
<td>142</td>
<td>903,000</td>
<td>592,000</td>
<td>26,000</td>
</tr>
<tr>
<td></td>
<td>Inferred</td>
<td>54.5</td>
<td>0.42</td>
<td>0.08</td>
<td>109</td>
<td>228,000</td>
<td>138,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>236.6</td>
<td>0.48</td>
<td>0.10</td>
<td>135</td>
<td>1,132,000</td>
<td>730,000</td>
<td>32,000</td>
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</tbody>
</table>

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

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

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. Mineral 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 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 5B- Mining Exploration Entity
## Quarterly Cash Flow Report

### Name of entity

**Hot Chili Ltd**

### ABN

<table>
<thead>
<tr>
<th>ABN</th>
<th>Quarter ended (&quot;current quarter&quot;)</th>
</tr>
</thead>
<tbody>
<tr>
<td>91 130 955 725</td>
<td>30 June 2016</td>
</tr>
</tbody>
</table>

### Consolidated statement of cash flows

#### Cash flows related to operating activities

<table>
<thead>
<tr>
<th>Current quarter</th>
<th>Year to date (12 months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$A’000</td>
<td>$A’000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Current quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.1 Receipts from product sales and related debtors</strong></td>
<td></td>
</tr>
<tr>
<td><strong>1.2 Payments for</strong></td>
<td></td>
</tr>
<tr>
<td>(a) exploration &amp; evaluation</td>
<td>(194)</td>
</tr>
<tr>
<td>(b) development</td>
<td>(381)</td>
</tr>
<tr>
<td>(c) production</td>
<td></td>
</tr>
<tr>
<td>(d) administration</td>
<td></td>
</tr>
<tr>
<td><strong>Research and Development</strong></td>
<td>(297)</td>
</tr>
<tr>
<td><strong>1.3 VAT credit received</strong></td>
<td></td>
</tr>
<tr>
<td><strong>1.4 Interest and other items of a similar nature received</strong></td>
<td>(5)</td>
</tr>
<tr>
<td><strong>1.5 Interest and other costs of finance paid</strong></td>
<td>(430)</td>
</tr>
<tr>
<td><strong>1.6 Income taxes paid</strong></td>
<td>(1,831)</td>
</tr>
<tr>
<td><strong>1.7 Other GST and R and D refund</strong></td>
<td>141</td>
</tr>
<tr>
<td><strong>1.8 Total operating and investing cash flows (carried forward)</strong></td>
<td>1,030</td>
</tr>
<tr>
<td><strong>1.9 Proceeds from sale of</strong></td>
<td></td>
</tr>
<tr>
<td>(a) Easement</td>
<td></td>
</tr>
<tr>
<td>(b) 2.5% of project</td>
<td></td>
</tr>
<tr>
<td>(c) other fixed assets</td>
<td></td>
</tr>
<tr>
<td><strong>1.10 Loans to other entities</strong></td>
<td></td>
</tr>
<tr>
<td><strong>1.11 Loans repaid by other entities</strong></td>
<td></td>
</tr>
<tr>
<td><strong>1.12 Other Option Fee</strong></td>
<td>2,030</td>
</tr>
<tr>
<td><strong>1.13 Total operating and investing cash flows</strong></td>
<td>2,030</td>
</tr>
</tbody>
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### Net investing cash flows

<table>
<thead>
<tr>
<th>Current quarter</th>
<th>Year to date (12 months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$A’000</td>
<td>$A’000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Current quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.12 Other Option Fee</strong></td>
<td>2,139</td>
</tr>
<tr>
<td><strong>1.13 Total operating and investing cash flows (carried forward)</strong></td>
<td>2,030</td>
</tr>
</tbody>
</table>

For personal use only
<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.13</td>
<td>Total operating and investing cash flows (brought forward)</td>
<td>1,030</td>
<td>(6,568)</td>
</tr>
<tr>
<td>1.14</td>
<td>Proceeds from issues of shares, options, etc.</td>
<td>-</td>
<td>4,492</td>
</tr>
<tr>
<td>1.15</td>
<td>Proceeds from sale of forfeited shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.16</td>
<td>Proceeds from borrowings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.17</td>
<td>Repayment of borrowings</td>
<td>(4,106)</td>
<td>(4,765)</td>
</tr>
<tr>
<td>1.18</td>
<td>Cost of capital raising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.19</td>
<td>Other (provide details if material) (Borrowing costs)</td>
<td>-</td>
<td>(68)</td>
</tr>
<tr>
<td>1.20</td>
<td>Net financing cash flows</td>
<td>(4,106)</td>
<td>(341)</td>
</tr>
</tbody>
</table>

### Cash Flows related to financing activities

#### Net Increase (Decrease) in Cash Held

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.20</td>
<td>Cash at beginning of quarter/year to date</td>
<td>3,231</td>
<td>7,113</td>
</tr>
<tr>
<td>1.21</td>
<td>Exchange rate adjustments to item 1.20</td>
<td>66</td>
<td>17</td>
</tr>
<tr>
<td>1.22</td>
<td>Cash at end of quarter</td>
<td>221</td>
<td>221</td>
</tr>
</tbody>
</table>

### Notes

- **Note:** On 15th July 2016, Hot Chili issued 72,000,000 New Shares for A$3.6 million in funds following the successful arrangement of a A$4.4 million placement. A further issue of New Shares for A$800,000 is pending shareholder approval.

- Payments to directors of the entity and associates of the directors
- Payments to related entities of the entity and associates of the related entities

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Current quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.23</td>
<td>Aggregate amount of payments to the parties included in item 1.2</td>
<td>$A’000</td>
</tr>
<tr>
<td>1.24</td>
<td>Aggregate amount of loans to the parties included in item 1.10</td>
<td></td>
</tr>
</tbody>
</table>

### Non-cash financing and investing activities

- Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

- Salaries, Directors fees and consulting fees at commercial rates.
2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available
Add notes as necessary for an understanding of the position.

<table>
<thead>
<tr>
<th></th>
<th>Amount available $A'000</th>
<th>Amount used $A'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Loan facilities</td>
<td>18.5 Million USD</td>
<td>6.5 Million USD</td>
</tr>
<tr>
<td>3.2 Credit standby arrangements</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Estimated cash outflows for next quarter

<table>
<thead>
<tr>
<th></th>
<th>$A’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Exploration and evaluation</td>
<td>500</td>
</tr>
<tr>
<td>4.2 Development</td>
<td></td>
</tr>
<tr>
<td>4.3 Production</td>
<td></td>
</tr>
<tr>
<td>4.4 Administration</td>
<td>500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,000</td>
</tr>
</tbody>
</table>

Reconciliation of cash
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

<table>
<thead>
<tr>
<th></th>
<th>Current quarter $A’000</th>
<th>Previous quarter $A’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 Cash on hand and at bank</td>
<td>133</td>
<td>3,143</td>
</tr>
<tr>
<td>5.2 Deposits at call</td>
<td>88</td>
<td>88</td>
</tr>
<tr>
<td>5.3 Bank overdraft</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.4 Other (provide details)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total: cash at end of quarter (item 1.22)</strong></td>
<td>221</td>
<td>3,231</td>
</tr>
</tbody>
</table>

Note: On 15th July 2016, Hot Chili issued 72,000,000 New Shares for A$3.6 million in funds following the successful arrangement of a A$4.4 million placement. A further issue of New Shares for A$800,000 is pending shareholder approval.
## Changes in interests in mining tenements

<table>
<thead>
<tr>
<th>Tenement reference</th>
<th>Nature of interest (note (2))</th>
<th>Interest at beginning of quarter</th>
<th>Interest at end of quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1 Interests in mining tenements relinquished, reduced or lapsed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.2 Interests in mining tenements acquired or increased</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Issued and quoted securities at end of current quarter

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

<table>
<thead>
<tr>
<th>Total number</th>
<th>Number quoted</th>
<th>Issue price per security (see note 3) (cents)</th>
<th>Amount paid up per security (see note 3) (cents)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1 Preference +securities (description)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.3 +Ordinary securities</td>
<td>445,723,709</td>
<td>445,723,709</td>
<td></td>
</tr>
<tr>
<td>7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.5 +Convertible debt securities (description)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total number</td>
<td>Number quoted</td>
<td>Issue price per security (see note 3) (cents)</td>
<td>Amount paid up per security (see note 3) (cents)</td>
</tr>
<tr>
<td>--------------</td>
<td>---------------</td>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>7.6 Changes during quarter</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Increases through issues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) Decreases through securities matured, converted</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.7 Options (description and conversion factor)</td>
<td>11,000,000</td>
<td>30 cents</td>
<td>Exercisable on or before 27 June 2019</td>
</tr>
<tr>
<td>7.8 Issued during quarter</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.9 Exercised during quarter</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.10 Expired during quarter</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.11 Debentures (totals only)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.12 Unsecured notes (totals only)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: ..............................................

Date 2/7/2016  (Company secretary)
Print name: John Sendziuk..........................................................

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 Issued and quoted securities The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.

5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.