

Hot Chili Limited

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ASX CODE

HCH

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ASX Announcement

Monday 4th February 2019

Hot Chili Arranges \$3.2M Placement and Rights Issue

Hot Chili Limited (ASX Code: HCH) ("Hot Chili" or the "Company") is pleased to announce that it has successfully arranged a \$1 million private placement to sophisticated and professional investors through the issue of New Shares at 1 cent per share (the "Placement").

The Placement saw strong demand and was cornerstoned by existing major shareholders (Exploration Capital Partners (affil. Sprott), Taurus Funds Management and Blue Spec Drilling (an associate of Hot Chili's chairman Murray Black)).

In parallel, the Company also announces a \$2.2 million non-renounceable entitlements offer of new shares on a 2 for 7 basis, at an issue price of 1 cent per share (the "Rights Issue"). The Rights Issue will provide an opportunity for all eligible shareholders to participate in the capital raising on the same terms as the Placement.

Funds from the Placement and Rights Issue will be used for general working capital requirements.

These funds will allow the Company to focus on preparations to commence drilling across key areas of the Cortadera discovery within the coming months while also advancing our project-level, strategic funding discussions with key stakeholders in relation to the proposed Carola transaction (as announced separately to the Australian Securities Exchange (ASX) today).

Christian Easterday, Managing Director of Hot Chili, said the strong response to the Placement was a vote of confidence in the Company's consolidation strategy in Chile.

"These funds will provide working capital to crystallise the biggest opportunity our Company has ever identified.

"Successful acquisition of Cortadera would capture one of the most exciting new large-scale, copper-gold discoveries of recent times and simultaneously unlock over US\$100 million of investment into our existing large-scale Productora copper project, which is located 14kms away." Mr Easterday said.



Details of the Placement

The Placement will be undertaken in two tranches:

- The first tranche of 44,047,674 new shares, will not be subject to shareholder approval and will fall within the Company's 15% placement capacity under ASX Listing Rule 7.1 ("**Tranche 1 Placement**")
- The second tranche of 55,952,326 new shares to related parties will be conditional upon shareholder approval, and amongst others will apply to shares subscribed by Roberto de Andraca Adriasola (non-executive director and CAP representative to Hot Chili's board) and Blue Spec Drilling Pty Ltd (an entity associated with Hot Chili's chairman Murray Black) ("**Tranche 2 Placement**").

Following the issue of the Tranche 1 Placement shares, the Company's remaining placement capacity under listing rule 7.1 will be 72,343,743 ordinary securities, and remaining placement capacity under listing rule 7.1A will be 77,594,278 ordinary securities.

Each new share will be issued at a price of 1 cent.

Settlement and allotment of the Tranche 1 Placement shares is expected to occur on or around Wednesday 13th February 2019.

Hot Chili will convene a general meeting of shareholders to approve the issue of the Tranche 2 Placement shares as soon as possible. The general meeting is expected to take place on or around Tuesday 19th March 2019, with the issue of the Tranche 2 Placement shares expected to take place shortly after the meeting, subject to shareholder approval.

Details of the Rights Issue

The Rights Issue will be offered to all eligible shareholders registered on the record date for the Rights Issue pursuant to an offer document and a notice under section 708AA(2)(f) of the Corporations Act.

The Rights Issue will be non-renounceable and will not be underwritten.

The issue of the Rights Issue shares and placement of any shortfall to the Rights Issue to non-related parties of the Company is not subject to shareholder approval.

In respect to any potential shortfall to the Rights Issue, the directors of Hot Chili will reserve the right to allocate any, all, or none of the shortfall to sophisticated and professional investors at their sole discretion.

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The proposed timetable* for the Rights Issue is as follows:

Item	Indicative Date
Lodgement of offer document and section 708AA(2)(f) notice with ASX	Tuesday, 5 February (or before ASX market opens 6 February)
Shares quoted on a "ex-rights" basis	Friday, 1 February
Record date to determine entitlements to Rights Issue	Monday, 11 February
Offer document and entitlement and acceptance form sent to eligible shareholders	Wednesday, 13 February
Offer opens	Wednesday, 13 February
Offer closes (5pm, WST)	Friday, 22 February
New shares quoted on a deferred settlement basis	Monday, 25 February
Issue date – despatch of holding statements for new shares	Friday, 1 March
Ordinary trading of new shares commences	Monday, 4 March

*The above timetable is indicative and may change, subject to the Corporations Act and ASX Listing Rules.

An Appendix 3B notice in respect of the Placement and Rights Issue accompanies this announcement.

For more information please contact:
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or visit Hot Chili's website at www.hotchili.net.au

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Competent Person's Statement- *Exploration Results*

Exploration information in this Announcement is based upon work compiled 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.

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.

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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Hot Chili Limited

ABN

91 130 955 725

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 100,000,000 Placement
221,697,937 Non-Renounceable Entitlements Offer |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | The shares are fully paid ordinary shares in the capital of the company (Shares). |

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Appendix 3B
New issue announcement

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<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Shares – Yes (HCH)</p>
<p>5 Issue price or consideration</p>	<p>Issue price of \$0.01 per share for Placement and Entitlement Offer to raise approximately \$3,216,979</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>To raise working capital to continue exploration and consolidation of Company's current and proposed projects in Chile.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>27 November 2018</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>44,047,674 Tranche 1 of Placement</p>
<p>6d Number of +securities issued with security holder approval under rule 7.1A</p>	<p>Nil</p>

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6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	55,952,326 Tranche 2 of Placement to be issued subject to shareholder approval at general meeting estimated to be late March 2019					
6f	Number of +securities issued under an exception in rule 7.2	Nil					
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/a					
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/a					
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	LR7.1- 72,343,743 LR7.1A – 77,594,278					
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	44,047,674 221,697,937 55,952,326	12/2/2019 1/3/2019 21/3/2019				
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1,097,640,715</td> <td>Ordinary fully paid shares</td> </tr> </tbody> </table>		Number	+Class	1,097,640,715	Ordinary fully paid shares
Number	+Class						
1,097,640,715	Ordinary fully paid shares						

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Appendix 3B
New issue announcement

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	Options ex. \$0.30 each on or before 27 June 2019
		Options ex. \$0.03333 each on or before 20 June 2019
		Unsecured convertible notes with a face value of \$100 each.
		Options ex. \$0.10 each on or before 31 May 2020
		Options ex. \$0.07 each on or before 19 December 2021
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/a

Part 2 - Pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non - Renounceable
13	Ratio in which the +securities will be offered	2 shares offered for every 7 held
14	+Class of +securities to which the offer relates	Ordinary fully paid shares
15	+Record date to determine entitlements	11 February 2019
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
17	Policy for deciding entitlements in relation to fractions	Rounded up
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	All countries except Australia, New Zealand, Hong Kong, United Kingdom, Singapore and Chile.
19	Closing date for receipt of acceptances or renunciations	22 February 2019

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20	Names of any underwriters	N/a
21	Amount of any underwriting fee or commission	N/a
22	Names of any brokers to the issue	N/a
23	Fee or commission payable to the broker to the issue	N/a
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/a
25	If the issue is contingent on security holders' approval, the date of the meeting	N/a
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	13 February 2019
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	6 February 2019
28	Date rights trading will begin (if applicable)	N/a
29	Date rights trading will end (if applicable)	N/a
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/a
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/a

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- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Issue date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)
- (a) ⁺Securities described in Part 1 –
- (b) All other ⁺securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional ⁺securities

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Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

39 +Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)		

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Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Date: ...4 February 2019..
(Company secretary)

Print name:Lloyd Flint.....

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Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	596,444,247
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>6,099,183 shares Approved 29 Nov. 2017 98,378,610 shares ratified 15 June 2018 34,954,725 shares approved 15 June 2018 7,989,446 approved 29 Nov. 2017 10,017,920 approved 29 Nov 2017 22,058,648 approved 27/11/18</p>
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	775,942,778

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Appendix 3B
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Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	116,391,417
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	44,047,674 Tranche 1 of Placement
“C”	44,047,674
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	116,391,417
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	44,047,674
Total [“A” x 0.15] – “C”	72,343,743 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

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Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	775,942,778
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	77,594,278
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items 	Nil
“E”	Nil

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Appendix 3B
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Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	77,594,278
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	Nil
Total ["A" x 0.10] – "E"	77,594,278 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

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